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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Labour faces crucial poll

Labour faces a fifth—and particularly unwelcome — by-election this summer following the death of Mr. Alec Wilson, Labour MP for Hamilton, on Thursday night. The by-election means a contest with the Scottish Nationalist Party, which needs only a 4 per cent. swing to win the seat.

A Nationalist victory in the summer would raise SNP morale and would cast doubts over any plans Mr. Callaghan might have for an autumn General Election.

The SNP candidate is Mrs. Margo MacDonald, senior vice-chairman of the party and former MP for Glasgow Govan. Back Page.

Strikes hit ferry services

Strikes disrupted Easter ferry services on four Channel routes. All sailings between Felixstowe and Rotterdam were cancelled and sympathetic action disrupted Townsend Thoreson's services between Cairn Ryan, Scotland and Larne, Northern Ireland. Sealink services from Dover and Folkestone were also restricted. Back Page.

Pope's Easter broadcast

Pope Paul, who is recovering from 'flu, was advised not to take part in an Easter procession. Instead, he made a television broadcast. The Vatican celebrated Easter with its usual pomp but church leaders say that rising costs and falling income have left the church in "substantial poverty."

Bhutto poison plot alleged

Mrs. Nusrat Bhutto, wife of Pakistan's condemned former Prime Minister, accused "high authorities" of plotting to poison her husband in his cell. The army dismissed her allegation as baseless and preposterous. Mr. Bhutto's lawyers are to appeal to-day against the death sentence passed last week after his conviction on murder charges.

Millwall closed for two weeks

Millwall's ground, scene of crowd violence during the Cup-tie against Ipswich, is to be closed for two weeks by order of the Football Association, who also fined the club £1,500 and ordered safety work. Sale of alcohol at the ground has been banned.

Konuk resigns

Mr. Necat Konuk, Prime Minister of the self-proclaimed Turkish Federated State of Cyprus, resigned yesterday. His resignation follows protests about rising prices. Mr. Rauf Denktash, Turkish Cypriot leader, will to-day try to persuade Mr. Konuk to change his mind. Page 2.

Briefly . . .

Eritrean Liberation Front and Eritrean People's Liberation Front have agreed to join forces to fight Ethiopia for control of Eritrea.

Angola claimed it had repelled a border attack by Zaire troops. In eastern Zaire, at least 22 people were reported killed in a train accident. Page 2

A revised East German history book has accused Walter Ulbricht, former Communist party leader, of "one-sided, subjectivist views."

Safari Rally organisers cut 62 miles from the route of the first stage, following reports that a section of the route in west Kenya had been washed away.

Maria Estela Peron, Argentina's former President, completed two years in detention on charges of defrauding charities. It is not known when Gen. Peron's widow will be released.

Mr. Michael Brotherton, Tory MP, has accused the Treasury of being unable to explain why it replaced the old pound notes with "nasty little pieces of paper which look like lottery tickets sold in a banana republic."

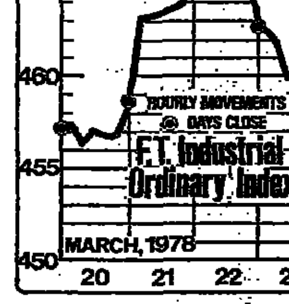
A Pan-American jumbo jet carrying 78 people landed safely at Tokyo after lightning tore off part of its wing.

BUSINESS

Pound drops sharply; Gilts drift

● STERLING fell sharply in thin trading and closed 2.45 cents down at $1.8735. Its trade-weighted index fell to 62.9 (63.7). The dollar's depreciation was 5.46 per cent. (5.42).

● EQUITIES drifted downwards on Thursday to close the second leg of the long Easter Account with losses of a few pence in leaders. The FT Ordinary Index closed 2.1 down at 460.5. Gold shares continued to rally.



● GILTS recorded losses of ½ in longs and the Government Securities Index fell 0.17 to 75.27.

● GOLD fell $1 to $176¾.

● WALL STREET closed 1.04 off at 756.50.

● PRIME MINISTER speaking in Washington has urged that the main industrialised countries should co-ordinate their economic measures to prevent world economic deterioration. Back Page

● REAL personal disposable income has increased by more than 120 per cent. between 1948 and 1976, according to Central Statistical Office figures. Page 3

● TURKEY has agreed with the IMF on a two-year economic programme involving $450m. of IMF credits. Back Page

● SOVIET deficit in trade with the West dropped sharply in 1977, and recorded a small surplus during the last six months of the year, making 1.11bn. Roubles (£843m.) compared with 2.52bn Roubles in 1976. Britain has lifted its ban on steel imports from the USSR. Back Page

Steel unions seek BSC seats

● BSC and the Government will be asked to give steel unions seven seats on a reconstituted main Board of BSC, so that the impact of the £1m. cuts in investment spending planned in the next two years may be softened. Back Page

● ICI Board has given the go-ahead to a plan for parallel investment of some £290m. in new plant in the U.K. and West Germany. Back Page

LABOUR

● MINERS in Yorkshire may be laid off after Easter if winding-engine men go ahead with a strike over incentive payments. Page 9

COMPANIES

● ESSO PETROLEUM reports a net profit of £94.4m. for 1977, compared with a loss of £12.7m. in 1976, largely resulting from the fluctuations in sterling. Page 17

● PHILIPS reports a 13 per cent. increase in pre-tax profit in 1977 to Fls.634m. against Fls.562m. Page 21

● CURTIS - WRIGHT which acquired 10 per cent. of Kennecott Copper has announced plan to remove the entire Board of Kennecott Copper and replace it with directors dedicated to the sale of the Carborundum Company. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Gold Fields Prop.	75	+ 5
Hall (M.)	190	+ 8
Johnson-Rchd. Tiles	118½	+ 3½
Matthews (B.)	147	+ 5
Molins	116	+ 4
Nash (J. F.)	80	+ 5
Ofrex	112	+ 6
Thorpe (F. W.)	60	+ 3
Wigfall (H.)	235	+ 21
Siebens (U.K.)	262	+ 18
Anglo-American Coal	500	+ 35
Durban Deep	237	+ 24
East Driefontein	697	+ 34
East Rand Prop.	329	+ 40
Free State Geduld	£16¼	+ 1
Hartebeest	£10¾	+ ¾
Northern Mining	30	+ 12
Randfontein Ests.	£34¼	+ ¾
Union Crp.	278	+ 10
Wit. Nigel	50½	+ 8

FALLS

Treas. 5½pc '08-12	£53¾	— ¾
Alexanders Discount	285	— 10
Assoc. P. Cement	283	— 10
Bowring (C. T.)	112	— 4
Cater Ryder	292	— 10
Centrovincial Ests.	77	— 5
Ever Ready	143	— 4
Racal Elect.	212	— 12
Rank Org.	238	— 12
Tate and Lyle	194	— 10

Begin faces crisis after U.S. talks end in deadlock

BY DAVID LENNON; TEL AVIV, March 24

Mr. Menahem Begin, Israel's Prime Minister, returned home to-day to face a major political crisis following his unsuccessful talks in Washington which have led to the sharpest rift between the U.S. and Israel in recent years.

He faced opposition calls for his resignation, and a thinly-veiled challenge to his position from Mr. Ezer Weizman, the Defence Minister.

On arriving, Mr. Begin said the Washington talks were difficult, but he saw no need to re-evaluate the Israeli policy in the peace negotiations with Egypt. Before leaving the U.S. the Premier said that his talks in Washington had been the toughest three days of his life. But he told Israeli reporters he would make no more concessions to Egypt, Jordan or the U.S.

The storm on the political front contrasted with the relative calm in southern Lebanon where Israel is thinning out its troops as U.N. forces begin to move in. However, Lebanese Christian villagers continue to oppose U.N. entry, while residents of northern Israel are protesting at the withdrawal.

Palestinian units North of the Litani River continue to launch rocket attacks against northern Israel.

Responding to T.V. and radio reports that a senior U.S. diplomat said yesterday that he must be replaced if the Egypt-Israel peace negotiations are to succeed, Mr. Begin said: "The Prime Minister of Israel is elected by the people of Israel, not by American officials." This was greeted with applause.

The Left-wing newspaper Al Hamishar suggested that the unnamed American advocating that Mr. Begin should resign was Mr. Richard Viets, U.S. charge-d'affaires. A spokesman of the U.S. Embassy said that this charge was absolutely false and no U.S. diplomat in Israel had aired such views.

Nevertheless, Mr. Begin is expected to face a stormy Cabinet meeting on Sunday when he reports on his talks with President Carter.

Opportunity

Mr. Weizman, who recently threatened to resign over the Government's settlement policy, to-day called for the creation of a "national peace government," incorporating parties presently in opposition.

He said national unity was required because of the "unprecedented confrontation with the U.S." and to ensure that the "historical opportunity created by President Sadat of Egypt" should not be lost.

Although the Defence Minister was careful to say that a national unity government should be headed by Mr. Begin, his proposal is being interpreted as an indirect challenge to the Prime Minister.

Mr. Shimon Peres, leader of the Labour Party, said: "What is required is a national peace plan rather than a national peace government." The composition of the cabinet was not nearly as important as the policy it pursued, he added.

The Labour Party will call for Mr. Begin to resign on Sunday following his "failure in Washington." It will also table a motion of no confidence in the Knesset (Parliament).

Some members of the Democratic Movement for Change party said they would reconsider membership of the coalition, but preferred to hear Mr. Begin's report to the Cabinet on Sunday before taking a stand. Similar sentiments were also expressed by ministers of the National Religious Party.

● In Northern Israel Mr. Weizman said Israel expected to start pulling its troops out of South Lebanon within a week as the UN Interim Force in Lebanon took over.

But he warned that Israeli forces might return to the area if UN forces failed to stop Palestinian guerilla raids.

During the day French, Iranian and Swedish troops settled down at points in South Lebanon. The Israeli military command said the area remained quiet except for several bursts of Katyusha rocket fire aimed at Israel's border area.

Vance still hopes for agreement

By David Bell

WASHINGTON, March 24.

THE U.S. now has deep and serious differences with Israel on three key points which must be resolved before any further progress can be made towards peace in the Middle East.

Mr. Cyrus Vance, the U.S. Secretary of State, made this clear to-day at a Press conference. But he sought to salvage something from the past three days of abortive U.S.-Israeli talks, insisting that he has not given up hope that some agreement will eventually be possible.

Mr. Vance several times rejected suggestions that the U.S. is now so exasperated with Mr. Begin's "intransigence" that it is actively seeking his removal from office. This, said the Secretary of State, was "totally false" and the whole Administration retained the "highest respect" for Mr. Begin.

However, he acknowledged that the talks had resulted in "detailed exchanges in the frankest kind of way" between the President and the Prime Minister.

Althonugh the U.S. takes strong issue both with Israeli settlement policy and with Israeli objections to an interim plan for the West Bank, the real core of the substantial and open clash between the two countries is Mr. Begin's insistence that UN resolution 242 does not apply to the West Bank.

Insist

Mr. Vance noted that this resolution, which calls on Israel to withdraw from occupied territories in return for lasting peace, has "been the basis of negotiations between the two parties for many years."

The U.S. would insist that the resolution applied "to all fronts" and "if there cannot be a resolution of this issue there will be substantial obstacles ahead."

The Administration has now begun internal consultations about what to do next and has already sent to President Sadat of Egypt a detailed report of the discussions. Mr. Vance noted that whatever the disagreements between the U.S. and Israel, the U.S., remains "wholly and unequivocally committeed to the security of Israel" and there has been no hint that the U.S. might halt military sales.

In contrast with Mr. Vance's public remarks, U.S. officials concede privately that they are pinning most of their hopes on the internal political situation in Israel. They hope that when it becomes clear that relations with Israel's closest ally are now at a genuine impasse, Mr. Begin may come under very strong pressure to change his policy or step down.

French face criticism on oil slick fight

BY MARK WEBSTER BREST, March 24.

OFFERS OF help to fight the massive oil pollution from the grounded tanker Amoco Cadiz are still being received, amid widespread criticism of the French Government's state of readiness for a clean-up programme.

Britain, which has mounted a fleet of vessels to fight the threat of the oil slick to the Channel Islands, has called for international co-operation aimed at preventing similar disasters.

Mr. Stanley Clinton Davis, Under-Secretary for Trade, said to-day in Guernsey, and again in Brest, that international co-operation was needed to enforce and "police" any proposals.

Oil is pouring from the wrecked ship after heavy seas and gales finally tore her in half overnight. Of the 220,000 tons of oil aboard originally, it was suggested that only about 50,000 tons was left.

Conference

On Thursday hundreds of demonstrators occupied the Brest naval headquarters protesting against what they have called the Government's extreme reluctance to start clean-up operations. The portcullis at the headquarters in a medieval castle, was down to-day to prevent another demonstration.

At a conference of environmentalists in Brest, delegates from Britain, France and Spain sharply criticised the speed of the French in carrying out their clean-up work.

The conference, called as a result of the disaster, demanded to see Mr. Roy Jenkins, President of the EEC Commission.

From the air it is obvious that a great deal of the oil has already been dispersed by the weather, and for many miles only a light sheen is visible.

The only heavy slicks are round Portsall, where the tanker is grounded, and much further west along the coast.

Channel vigil

Our Guernsey correspondent reports: On his fact-finding mission to the Channel Islands to-day, Mr. Clinton Davis, before going on to Brest to talk with M. Becam, the Minister in charge of the French operation, said that international talks on the oil pollution problem should include discussion of the proposal to keep tankers at least seven miles from the French coast.

He hoped Guernsey's massive effort to beat the slick, coupled with strong north-westerly winds keeping the oil pinned to the Breton coast, would prevent pollution of the English Channel coastline and perhaps spare the Channel Islands beaches.

The latest reported position of the extremity of the slick was 25 miles south-west of Jersey and Guernsey.

Mr. Clinton Davis assured fishermen that dispersants would be used only in deep waters, nowhere near "ecologically-centred areas." Mr. Peter Bougourd, Guernsey Fishermen's Association secretary, was promised the dispersant formula for independent tests.

Insurance bill

James McDonald writes: Full liability of the London insurance market in the Amoco Cadiz disaster is not yet clear. As a direct insurer and the world's leading re-insurer, Lloyd's and British insurance companies are involved in several ways. Total commitment could be about $40m. or more.

On the hull of the $40m. vessel about $12m.-worth is carried by Lloyd's and British insurance companies. A large part of the remaining cost of the hull is understood to be self-insured by Amoco. The oil cargo, worth about $20m., is believed to be self-insured by Shell, charterers of the ship.

On the pollution aspect, involvement of British insurance is not fully known. Mr. Tim Renton, Conservative MP for Mid-Sussex and an "outside man" at Lloyd's, told the Commons on Thursday that premiums were placed with Lloyd's by the International Tanker Indemnity Association and that claims against Lloyd's would be about $19m.

The London Protection and Indemnity Club undertook pollution insurance for the Amoco Cadiz, but Lloyd's said that Lloyd's underwriters must have accepted a "fairly substantial amount of reinsurance" from the club, which told French authorities that full compensation, up to $50m., would be paid toward cleaning up the coast.

Publisher's Notice
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£ in New York

—	March 23	Previous
Spot	$1.8730-1.8755	$1.8960-.8970
1 month	0.02-0.05 prem.	0.05-0.10prem
3 months	0.13-0.07 dis	0.02-0.05 prem
12 months	0.76-0.55 dis.	0.53-0.25 dis

Japan and EEC sign pact on trade and surpluses

BY CHARLES SMITH TOKYO, March 24.

TWO WEEKS of talks on bilateral trade problems between Japan and the EEC, which had at one point seemed to be on the verge of breakdown, ended to-night with the issue of a joint communique in which Japan made general undertakings about reducing trade and current account surpluses during the coming year.

The agreement, signed after a 24-hour extension of the talks and two all-night negotiating sessions, says that Japan expects its current account surplus during fiscal year 1978 (starting next month), to be reduced by about one-third from the 1977 surplus (now expected to reach $13bn.).

On bilateral balance with the EEC, the communique states that Japan expects the surplus in its favour to be reduced "in the context of the expected reduction of its overall surplus." Signs of a change in the trade towards this reduction are expected in the autumn.

The communique also states that Japan will take appropriate steps to increase imports of manufactured goods. The share of manufactures in total imports, now at an abnormally low 20 per cent., is expected to "increase steadily and return within a reasonable period of years to a more normal level under current international economic circumstances."

The communique does not mention specific Japanese tariff cuts on items of interest to European exporters. It does, however, promise that Japan will consider the "possibility of effecting advance tariff reductions on certain products, after the conclusion of the Geneva round of multi-lateral trade talks."

The yen reached yet another post-war high against the dollar on the Tokyo foreign exchange market yesterday. The dollar fell below the Y230 level set a week ago and closed at Y228.2.

The revision of the safeguard clause in the General Agreement on Tariffs and Trade treaty—General Agreement on Tariffs and Trade—apparently loomed large in the talks. The communique commits Japan to "negotiate actively" at the Geneva talks.

But Japan apears to have reserved its position on the Community proposal for a selective safeguard clause—one which could be invoked against individual countries instead of on a global basis as under the existing GATT treaty.

The communique also commits Japan to doubling official foreign aid over the next five years. In response to Community demands for a more liberal aid policy it says that the Japanese Government will "pursue its basic policy of untying its financial assistance."

EEC officials, who had committed themselves earlier in the week to obtaining a "substantive and meaningful statement of Japan's trade policies," maintained to-night that the eight-page communique represents a significant advance on any previous Japanese published position on overseas trade policy.

EEC expressions of satisfaction, however, fall well short of the kind of enthusiasm being voiced by U.S. negotiators headed by Mr. Robert Strauss, President Carter's special trade negotiator, at the end of the earlier round of U.S.-Japan trade negotiations last January.

Go-ahead urged for new aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, the nationalised aircraft manufacturer, is to recommend to the Government that the HS-146 70-100 seat four-engined short-haul feeder-liner be given the full go-ahead for development and production.

The project, begun in 1973, was suspended when Hawker Siddeley Aviation (now part of British Aerospace) decided that because of soaring costs and market uncertainties after the oil crisis, the project would not be viable.

The Government, at that time, was prepared to make a fixed investment of £40m. (at 1972 prices) in the programme, but cancelled the investment when Hawker pulled out.

Since then, the HS-146 has been kept barely ticking over, with only a small amount of Government financial support to keep design work alive

This week, the British Aerospace Board decided to recommend HS-146 development because of the continued run-down of other civil aviation work in the former Hawker Siddeley group factories, and particularly at Hatfield, with lack of new orders for Trident jets.

But British Aerospace believes that with the slow revival of interest in new aircraft among the world's airlines, the HS-146 could now be worth undertaking.

The British Aerospace recommendation will have to be approved not only by the Industry Department, but also probably the cabinet, since a substantial sum of government launching aid will be required.

While no official figures are available, the present cost of developing the aircraft into full production status is not likely to be less than £100m. In the the early 1970s, the projected government investment of £40m. was matched by a similar investment by Hawker, giving total estimated costs of £80m.

With subsequent inflation, the cost could possibly now even approach £150m.

The problem for the Government will be to decide how much it can put into the HS-146 programme, in the light of other major forthcoming cash requirements in civil aviation.

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FEATURES

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OVERSEAS NEWS

Giscard to talk to Mitterand and Marchais

BY DAVID WHITE PARIS, March 24.

UNPRECEDENTED SERIES of talks between President Valery Giscard d'Estaing and leaders of the French Left are scheduled for the few days of political limbo left before the opening of the new French National Assembly on April 3.

M. Giscard, who has opted to retain the pre-election cabinet of M. Raymond Barre at least until Monday week, is due to meet M. Francois Mitterrand, the Socialist leader, at the Elyseé Palace next Tuesday.

M. Georges Marchais, the Communist leader, has also accepted an invitation to talks on Thursday, when the President will also see M. Robert Fabre, head of the junior partner in the French opposition, the left wing Radicals.

The President's gesture towards establishing "reasonable co-habitation" between the government and the Left, which was defeated in the March 19 parliamentary election, began this week with meetings with leading union leaders. M. Giscard held talks yesterday with M. Andre Bergeron, leader of the moderate Force Ouvriere, and to-day with M. Edmond Maire, head of the 1m.-strong independent left wing union, the CFDT.

M. Maire said he put forward his criticisms of the government's past attitudes and "put the accent on the need for changing economic policy in order to realise working peoples' objectives."

M. Maire's first-ever session at the Presidential Palace will be followed next week by talks with other unions including the powerful Communist-led CGT which is expected to sound out the government's intentions with regard to raising the minimum wage and future pay agreements.

Somewhat in the shadow of these contacts, M. Giscard will also be seeing leaders of the two government groups, the Gaullist Rassemblement pour la Republique, and the recently-formed Union pour la Democratie Francaise, grouping centrist parties and the President's Republicans.

The talks with opposition leaders, although described by M. Jean Lecanuet, newly-appointed to the leadership of the UDF, as "the normal functioning of a democracy," marks a significant change in the French political scene.

President Giscard has tried this kind of across-the-board contact before, and failed. In 1974 he invited the opposition leaders, but M. Marchais turned him down flat and M. Mitterrand followed suit. Opposition politicians are wary of M. Giscard's idea of "co-habitation" but it is the first time they have shown themselves willing to enter into a dialogue.

The President's Gaullist partners have shown some reserve about the meetings, which they obviously fear may serve as a political platform for the participants. But the only open criticism has come from the Socialist Party's left wing faction, which represents about a quarter of the party's members. It objected to having been presented with a fait accompli following M. Mitterrand's acceptance.

The political air has changed with the end of the series of electoral battles — presidential, cantonal, municipal and parliamentary.

The Communist daily newspaper L'Humanite to-day toned down its sarcastic approach to M. Giscard's overtures, publishing a sober account of M. Marchais' presidential rendezvous.

The President has rejected the idea of "enticing away" opposition figures, although there is speculation about the future of the left wing Radicals. Their leader, M. Fabre, who met M. Giscard in 1975, said after the election he considered himself no longer bound by the left's "common programme" and later declared his intention to resign the leadership.

M. Giscard's intentions may be long-term. In a bid to bridge the political divide the possibility of an association with the socialists at some stage appears to be still in the back of his mind.

Jurek Martin, US Editor, reports on the low ebb of Israeli-American relations following the Washington talks.

No more blank cheques

"WHEN we see our country selling out its idealism for petrodollars, we should say our country is selling out its ideals for petrodollars. Whatever the *evil, we will call it by its honest name.*" This was the gist of the emotional appeal voiced on Sunday in New York by Rabbi Alexander Schindler, one of the most prominent American Jewish leaders, in introducing Mr. Menahem Begin, the Israeli Prime Minister, to a Jewish audience following his abrasive discussions with President Jimmy Carter.

Mr. Begin responded in traditional kind: "The unity of the Jewish community is the second defence line of the State of Israel. If we stand together, we shall win the day."

But earlier in the day, in his speech to the National Press Club here, Mr. Begin had acknowledged the present difficulties in his appeal for a renewal of the American understanding for the Israeli Middle East peace proposals.

President Carter and Prime Minister Begin (right): A strained relationship.

What has actually happened this week in Washington is that American understanding of the Israeli position has reached new levels of intolerance. This is reflected at any number of levels.

● In their private discussions, President Carter reportedly took long hand notes of what Mr. Begin was saying, read then back to him—presumably mindful of the criticism that he had paid insufficient attention to the nuances of the Israeli Prime Minister in their first session last year—and then, in an exceptional departure from diplomatic practice, quoted them directly when he briefed senior members of *Congress on the talks.*

● Israel's traditional allies on Capitol Hill began openly criticising what they perceived as Israeli intransigence in the Middle East peace discussion and gross overreaction in the invasion of Lebanon to the Palestinian raid on Israel a few days earlier. Even Senator Jacob Javits, himself a Jew and second to none as an Israeli advocate used words "discouraging, disturbing, highly difficult, very frustrating" in analysing the present situation.

● The New York Times, long a staunch defender of Israel sounded a new note of remonstration in an editorial this morning. It was not too much, the newspaper wrote, to expect Israel to return captured territory in order to assure itself of recognition, security and peace. Late last year, the Times had rather gently suggested that American Jews should not blindly follow whatever policies were espoused by the Israeli government, and had been sharply taken to task by its readers. The response may be appreciably less this time.

At a policy level, the Carter Administration has consciously decided to give both Mr. Begin and the Israeli political hierarchy a lot to think about. There is great interest here in reports from Israel of moves to create some form of government of national unity, the effect of which would clearly be to vitiate Mr. Begin's authority. The U.S. cannot be seen openly to be conniving at undermining Mr. Begin's power. But to the extent that his religious and national beliefs towards the retention of Israeli sovereignty of "Judea and Samaria," as he calls the West Bank, now constitute a stumbling block to peace then ways to circumvent them may have to be found.

But perhaps more intriguingly it is clear that American public opinion (Jewish and otherwise) is shifting more rapidly in its attitudes towards the Middle East than one would have thought possible. For the first time, the Arab nations have thrown up, in the person of President Anwar Sadat of Egypt, a leader whom Americans like and, apparently trust. Successive Israeli attempts to counter the impression President Sadat has made—by Mr. Moshe Dayan, the Israeli Foreign Minister, Mr. Ezer Weizman, the Defence Minister, and now Mr. Begin—have not succeeded. The U.S. television networks, which have covered the Middle East exhaustively since President Sadat's historic Jerusalem visit, have started to focus more on Israeli intransigence than hitherto. When Mr. Walter Cronkite, the dean of the television anchormen, is seen to raise his eyebrows about Israeli policy, particularly the Lebanese occupation, then that has considerable impact on the public at large.

There is general agreement here that Israel forefeited a great opportunity to generate support for its policies by overacting in the Lebanon. In the immediate wake of the PLO onslaught, there seemed little chance that a horrified Congress would go along with the administration's proposals to sell jet aircraft to Egypt and Saudi Arabia as part of a package including consignments to Israel. If anything, congressional sentiment now seems to be swinging behind such a sale, although approbation is by no means a foregone conclusion.

By the same token, the PLO raid, in which nearly 50 civilians died, appeared to have bolstered Israeli security arguments, at the same time making more difficult the administration's attempt to persuade Mr. Begin that his interpretation of UN Resolution 242 was simply untenable. But the invasion of Lebanon changed that, and enabled President Carter to focus solidly on 242 in his talks with Mr. Begin, leaving the two foreign ministers, Mr. Cyrus Vance and Mr. Dayan, to consider withdrawal from Lebanon.

Israel may have disliked the U.S. move in getting the UN Security Council peace-keeping resolution through before Mr. Begin's arrival, but the Prime Minister found little fertile ground to exploit when it came down to talks.

In his Press Club speech, Mr. Begin appeared to acknowledge the shifting sands when he tried to appeal not only to the U.S. Government but to the traditional ties between the two people's and legislatures. He might have tried to make something of the recent resignation of the chief White House liaison with the Jewish community, but whatever significance Mr. Mark Siegel's departure has been dwarfed by the outbreak of hostilities in the Middle East. Nor does it appear politically profitable at the moment to continue the drumbeat of criticism against Mr. Zbigniew Brzezinski, Mr. Carter's National Security Adviser, on the grounds that he is anti-Jewish.

Middle Eastern hands point to the fact that relations between the U.S. and Israel have reached lower depths—in 1957, for example, when President Dwight D. Eisenhower threatened Israel with sanctions if it did not withdraw from Sinai, or even in 1969 with the publication of what Israelis thought was the infamous Rogers Middle East peace plan.

It is also true that the underlying American commitment to the existence of Israel is not in question, as Mr. Carter himself stressed this week. It would also be unwise to underestimate the still considerable clout that Israeli lobby—with or without the help of Palestinian extremists—can muster here.

But at the same time Israel no longer seems to have the cast iron guarantee of American support whatever its policies. And when the New York Times coolly approves of the President's approach in his dealings with Mr. Begin, that appears to be a more accurate reflection of the state of play than Rabbi Schindler's emotional appeal for old-style solidarity.

India to scrap detention laws

By Chris Sherwell

NEW DELHI, March 24.

YESTERDAY'S announcement of the Indian Government intention to scrap the country's preventive detention legislation could, if carried through, leave the authorities without broad-ranging legal powers in this field for the first time in India's post-independence history.

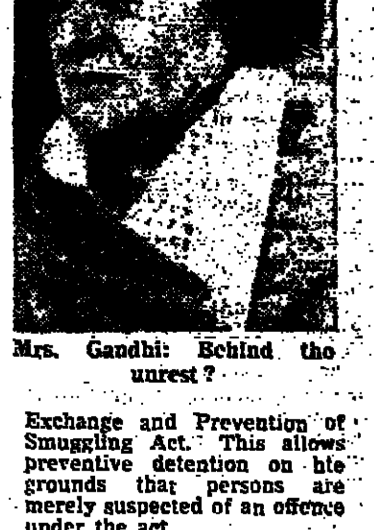
The move has already drawn a sharp reaction from Mrs. Indira Gandhi, the former Prime Minister, under whose rule the legislation reached its most extreme form. In an interview with the Financial Times last night, she claimed that the Government would continue to arrest people regardless of whether there was preventive detention legislation or not.

Mr. Charan Singh, the Home Affairs Minister, said in his statement to the Lok Sabha (lower house) yesterday that the Government proposed to withdraw the Bill giving it the preventive detention powers which it felt would still be needed once it repealed the maintenance of Internal Security Act. Separate legislation would be brought forward to repeal the Internal Security Act.

The move comes on the first anniversary of the Janata Party's decisive victory over Mrs. Gandhi's Congress Party. The leadership has been under strong pressure both within and outside the cabinet to redeem its election campaign pledge to repeal the security law.

Mrs. Gandhi refused last night to give an unqualified welcome to the announcement, even though she claims that she was originally against the security laws and preventive detention.

If the government's decision is implemented, it could have the adminiistration without any powers of preventive detention beyond the provisions of the Conservation of Foreign



Mrs. Gandhi: Behind the unrest?

Exchange and Prevention of Smuggling Act. This allows preventive detention on hte grounds that persons are merely suspected of an offence under the act.

Much therefore depends on the Government's ability to maintain law and order and contain violence over the coming weeks. Mr. Singh pointedly appealed to "all sections of the house"—by which he was taken to refer especially to Mrs. Gandhi's new Congress (I) group—to co-operate in "curbing the activities of groups which may be inimical to national security and public order."

Mr. Singh has left no one in doubt that he believes Mrs. Gandhi is behind the incidents of violence involving national and State leaders last weekend.

Members and supporters of Mrs. Gandhi's breakaway Party which successfully fought several State elections last month, are reported to have featured prominently in the incidents.

Senior members of the Congress (I) in the Uttar Pradesh assembly, were among 800 people held in the State capital, Lucknow, last Friday after demonstrators clashed. Violent scenes had earlier convulsed the State assembly when it began business.

On Sunday a demonstration by 1,500 Congress (I) supporters outside the New Delhi residence of Mr. Morarji Desai, the Prime Minister, led to 200 arrests.

Mr. Singh claims that a "political party"—he did not name it—had drawn up a plan to create violence. The incident outside the Prime Minister's house had been part of that programme, he said.

Before the Security Act became law in 1971 and subsequent amendments gave it its notoriety, successive Indian Governments exercised detention powers under the Preventive Detention Act.

Yesterday's announcement that the Government was now thinking of scrapping its powers of detention highlights the strong feeling which persists in India about the emergency under which Mrs. Gandhi governed in her last 21 months in office. Mr. Singh said that with the "traumatic experiences" of it fresh in people's minds, there was "understandable apprehension in the public mind" that the executive could misuse the preventive detention powers, notwithstanding the safeguards built into the Bill.

In a nationwide broadcast last night marking the first year of Janata Party government, Mr. Desai, said much of the "legacy of vandalism of the constitution" had been undone.

Schmidt says W. Germany may fall short of 3.5% growth target

BY JONATHAN CARR BONN, March 24.

CHANCELLOR HELMUT Schmidt has expressed concern that West Germany may not after all be able to reach its target of 3.5 per cent. real economic growth this year.

This comment, in an interview published to-day, seems bound to increase speculation that Bonn will have to consider further action to boost domestic demand.

In his interview with the weekly magazine Quick, Herr Schmidt did not say—and indeed was not asked—what policy consequences he might be drawing from the more gloomy outlook. He said in reply to a question that international currency unrest had become more severe since the Government's economic report for 1978 was drawn up. Because of this there was cause for concern that the economic growth aim set out there might not after all be acheived.

So far Government ministers have stated that while the 3.5 per cent. target is an ambitious one it is nonetheless quite feasible—despite the dollar's fall.

Early this month Herr Schmidt himself noted that in the last quarter of 1977 the West German economy had grown by 6 per cent. in real terms—and that he had pointed this out to President Jimmy Carter.

However, in a speech to the Bundestag, Herr Schmidt also warned of the danger of the latest rise in the Deutsche Mark for German exporters and for investment at home.

It is felt highly unlikely here that any economic boost would be decided unilaterally by the West Germans in the near future. The intention remains to wait until at least the first quarter economic data are available. If as is feared the growth pointers are unsatisfactory then Bonn will seek to agree on a growth strategy in consort with its allies.

This will please Mr. James Callaghan, the British Prime Minister, who was urging concerted action on Herr Schmidt in Bonn earlier this month. And it would be of advantage to Herr Schmidt himself — since the action could be given formal backing in Bonn in July at the Western economic summit which the Chancellor will be hosting.

The key to such a package remains in the hands of the Germans and the Americans. One suggestion aired here is of a possible trade-off between domestic tax concessions by Bonn in return for more forceful action by the U.S. to help finance its current account deficit, seen here as the key cause of the dollar's weakness.

There will be an opportunity for high-level discussion at the end of May. Herr Schmidt will then be travelling to Washington to take part in the NATO summit meeting and this would clearly give him the chance for economic talks with President Carter.

New Angola-Zaire clash

ANGOLA SAID to-day it had beaten back an air and ground attack by Zaire in a new flare-up of tension between the two countries. Luanda Radio, monitored in London, said Zaire forces crossed the border four days ago and occupied the Angolan village of Caianda, which lies in the Cazombo salient jutting into Zaire and Zambia.

The invaders were later repelled by the Angolan army, the radio added, quoting the Defence Ministry. It said the attack was carried out by "a strong Zairean military contingent backed by planes and helicopters."

Relations between the two countries have been hostile since Angola gained independence from Portugal in 1975.

Angola three times last year charged Zaire with bombing border villages. Zaire has, in turn, accused Angola of staging cross-border raids.

The Angolan news agency Angop quoted the country's Defence Ministry as saying the latest Zaire attack was an unsuccessful attempt to prevent Angolans from "staging a "victory carnival" to celebrate the third anniversary of independence.

Last February, Zaire complained to the Organisation of African Unity (OAU) and the UN that Angola was preparing for war and subversion against it.

The claim was denied by President Agostinho Neto of Angola who called for renewed talks between the two countries to discuss problems affecting their relations.

Reuter

PLO guerillas pressed to keep ceasefire

BY IHSAN HIJAZI BEIRUT, March 24.

THE RETREATING Palestinian forces in Lebanon are coming under growing pressure to comply with the UN-imposed ceasefire in the south and to respect the presence of UN troops—more of whose number moved into the battle zones to-day.

Yesterday Dr. Selim al Hoss, the Lebanese Prime Minister, went to Damascus to enlist Syria's support for a Lebanese plan aimed at strengthening the country's national authority and sovereignty. The programme, as reported in the Press here, would seek to establish tighter restrictions on the Palestinians.

Lebanon is said to have asked Damascus to ensure that the Palestinians will not engage in any armed activity out of the areas in Lebanon under the control of Syrian troops. Numbering an estimated 30,000, they constitute the bulk of the joint Arab peace-keeping force in the Lebanon and have cautiously kept well clear of the fighting in the south of Lebanon.

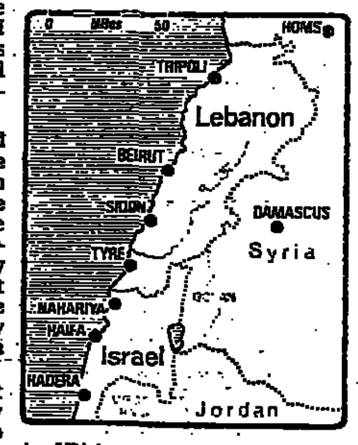
In the strongest statement that he has delivered since formally taking office 18 months ago President Elias Sarkis last night declared his Government's determination to check all outside intervention in Lebanon's affairs and to establish Government Sovereignty "on every inch of our territory."

Speaking at a meeting of the Cabinet he emphasised that the Government would use everything at its disposal, including the joint Arab peace-keeping force to fulfil this objective.

It is believed that his statement carried full Syrian backing and was aimed primarily at the Palestinian guerillas. Mr. Sarkis hopes to have a 4,000-man reconstituted Lebanese Army mobilised and ready to go into the south of Lebanon within a week.

Following Dr. Hoss's visit to Damascus a high-ranking delegation from the Palestinian Liberation Organisation (PLO) led by Mr. Farouk Kaddoumi, chief of its political department and the equivalent of the movement's foreign minister, went there for urgent talks.

The PLO has agreed in principle to the deployment of



the UN Interim Force in Lebanon (UNIFIL) and as a result of contacts with its commanders has appointed 12 of its own to act as a liaison with the UNIFIL.

It has, however, shown reservations about the location of the international peace-keeping force. The guerilla movement has been insisting that UNIFIL troops should stick close to the Lebanese border with Israel and should not be stationed on the Litani River, the national stand-off demarcation between the Syrians and Israelis in the south of the country.

Officials here say that the circumstances arising from the Israeli invasion have now rendered "the old Lebanese-PLO agreement" defunct. This is a reference to th Cairo Accord of 1969 which was drawn up under pan-Arab auspices and its subsequent ammendments.

Under the Cairo Accord, the Palestinians were allowed two basic freedoms: to establish bases in the Arkoub area of south-east Lebanon and to take control of the Palestinian refugee camps.

In practice, the Israeli thrust has driven the guerillas northward, keeping them out of the zone for which UNIFIL is supposed to be responsible. As for the camps most of them are located in areas under Syrian control.

Although the ceasefire was holding, Israeli jets to-day attacked targets near Tyre, according to workers at the Red Cross centre near Tyre. They said that fighter bombers had struck close to the coast near the Israeli border.

A reconnaissance unit of the French contingent went to Tyre and the nearby Kasimiyah bridge to determine their deployment. More French paratroopers flew into Beirut to-day, bringing the number of those who have already arrived at over 400. An additional 300 are expected to come with some heavy equipment that might include armoured cars and helicopters.

The first French unit arrived on Thursday an is still at the airbase at Beirut Airport awaiting instructions to move south. The French are the only members of UNIFIL so far to arrive at this side of the Lebanese border. The other contingents of Iranian, Swedish and Canadian troops came from Sinai and the Golan Heights through Israel.

The Iranian contingent yesterday hoisted the UN blue and white flag at Qaaqaiyeh bridge on the River Litani, after ducking bullets fired on them by Lebanese Christian militiamen. No one was hurt, and the troops did not fire back.

Once fully deployed, UNIFIL hopes to control two other bridges on the Litani. Qaaqaiyeh is one. Al Khardly farther to the east controls the approaches to the slopes of Mount Hermon, or the area the Israelis call "Fatahland." The third bridge is at Al Kasmiyeh which is a main outlet for the ancient port of Tyre to the north.

Reuter adds from Tel Aviv: An Israeli military spokesman tonight denied reports from Lebanon that Israeli aircraft bombed southern Lebanon earlier in the day. The spokesman also said that Israeli forces—which were under a ceasefire ordered from Mr. Ezer Weizman, Minister of Defence, issued three days ago—did not open fire anywhere in South Lebanon.

Red Cross appeal

The International Red Cross launched an urgent appeal to governments and national Red Cross organisations throughout the world to provide Sw.Frs.1.3m. ($680,000) to buy medical supplies for victims of the fighting in Southern Lebanon.

A statement issued in Geneva by the International Committee of the Red Cross (ICRC) said the money would also be used to buy 180 tons of milk powder for babies and 20,000 blankets for refugees.

An emergency centre to care for the wounded had been opened at the Port City of Tyre, it added.

Reuter.

Dr. Sakharov warned over anti-PLO demonstration

By David Satter

MOSCOW, March 24.

THE PRESSURE on Dr. Andrei Sakharov, the Nobel laureate and leading dissident, has increased with a warning from a Moscow deputy Chief Prosecutor that if he participates in any further public demonstrations he will face criminal prosecution.

The warning came during an interview yesterday with Soviet Prosecutor V. V. Nederov who had summoned Dr. Sakharov to his office. Mr. Nederov told the dissident leader that by leading a demonstration on March 12 against Soviet support for the Palestine Liberation Organisation (PLO), Dr. Sakharov had provoked others to break the law.

Dr. Sakharov said the prosecutor *told him his action bordered* on hooliganism but as "an act of humanism" no action would be taken against him.

Greek shipowners to ask for European help

BY OUR OWN CORRESPONDENT ATHENS, March 24.

GREEK shipowners are seeking the co-operation of their European colleagues to deal with the *slump in the dry cargo freight* market.

The problem was discussed during a lengthy meeting convened by the Union of Greek Shipowners last night and attended by about 300 Greek shipowners.

Informed sources said the shipowners considered a number of proposals, including that put forward by Mr. Anthony Chandris, president of the Union of Greek Shipowners, suggesting the voluntary laying-up of surplus capacity during the crisis.

The Chandris proposal suggests that each owner lay up 25 per cent. of capacity in ships of over 4,500 gross tons. This would be relaxed gradually as demand improves.

The informed sources said the *shipowners* decided to adopt the Chandris plan if it is approved by Greek shipowners controlling 80 per cent. of tonnage and if other European shipowners agreed to co-operate.

The executive committee of the *Union of Greek Shipowners* will discuss the subject again next week and a final decision will be taken at a plenary session of the union, probably early next month, the sources said.

Greek shipowners own some 4,900 ships totalling 49.5m. gross tons.

Japan's refusal to grant a two-year moratorium on instalment payments for about 130 ships totalling 2.6m. tons ordered from Japanese shipyards in recent years was not discussed at yesterday's meeting. The request for the payments delay was made inevitable by the slump in the freight market and the change of parity between the Yen and the U.S. dollar.

A spokesman for the Union of Greek Shipowners said to-day the sipowners plan to ask the Import-Export Bank of Japan and the Japanese Government to grant the two year grace period.

U.S. miners in new vote

By Stewart Fleming

NEW YORK, March 24.

THE 160,000 members of the United Mine Workers Union were to-day voting on a new three-year contract which could end the 16-week U.S. coal strike. The miners have already voted down one contract offer, and a close ballot is expected to-day. Most observers are anticipating a "yes" vote by the strike-weary miners.

If the new contract is turned down it would plunge both the union and the section of the coal industry which is negotiating with it into a dangerous situation.

Although there has been an *improvement in coal stocks* reflecting increased output from the non-union mines which normally produce about half the nation's coal, tension in the coal fields is mounting.

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Fed may tighten money

BY STEWART FLEMING NEW YORK, March 24.

A RENEWED rise in short-term U.S. interest rates in the next three months is being forecast by some money market analysts following the release of revised Federal Reserve data for the growth of the U.S. money supply and because of intensifying inflationary expectations.

The new Fed chairman, Mr. William G. Miller warned earlier this week that he would have to consider tightening Federal Reserve monetary policy if inflationary pressures intensify as many economists now predict and the Carter administration clearly fears.

The President yesterday did not make a statement on inflationary policy as some officials had predicted, and there are reports that this was because of a disagreement in the administration.

The Fed disclosed yesterday that revisions in money supply figures for 1977 and early 1978 (partly to account for banks which are not members of the Federal Reserve system) show that money supply has been growing more rapidly in 1977 and 1978 than previously reported.

NY company dumped mercury in river

BY STEWART FLEMING NEW YORK, March 24.

OLIN corporation, a diversified manufacturer of chemicals, metals and small arms with sales revenues of $1.4bn. last year has been indicted on charges concealing the dumping of several tons of mercury into the Niagara river in New York State. Three former company officials are also named.

The indictment charges that under a 1970 agreement the company was permitted by the government to dump up to half *a pound of mercury a day* and that in 1975 this was reduced to 0.2 pounds. In fact, the company dumped 30 lbs a day or more at times while reporting that its discharges were within the agreed limits. In one instance dumped 330.58 lbs but reported it as 0.11 lbs.

Mercury is one of the most dangerous metals and can cause severe damage to the nervous system and harm the reproductive system of people eating fish which have too high a concentration in their bodies.

State environmental officials claim that the dumping violations—the indictment covers the years 1970-77—represents a continuing hazard to people in the area.

Turkish Cypriot Premier resigns

BY ANDREAS HADJIPAPAS NICOSIA, March 24.

MR. NECAT KONUK, Prime Minister of the self-proclaimed "Turkish federated state of Cyprus" resigned to-day, amid signs that economic problems and industrial unrest are putting an unbearable pressure on the Turkish Cypriot administration in the north of this divided island.

Mr. Konuk, 50, a friend of Mr. Rauf Denktash, the Turkish Cypriot leader, for many years, also relinquished the leadership of the ruling United National Party. Mr. Denktash was to see him later to-day to try to persuade him to change his mind.

Mr. Konuk's resignation follows public outcery against a recent 30 per cent. rise in the price of petrol and fuel oil. But prices of other goods and services, from vegetables to medicines, have been rising sharply recently, with the result that many essential goods cost 100 to 150 per cent. more in the Turkish north than *in the Greek south of the island.* There are also reports of many shortages in the north.

Earlier this week, several hundred farmers converged on the Turkish sector of Nicosia in their tractors to demonstrate against the price increases, and a number of United National Party politicians joined in. Mr. Konuk said he was shocked and saddened at such "disloyalty" by members of his party.

Local Press reports says the recent devaluation of the Turkish lira has had serious repercussions on the Turkish Cypriot economy and has seriously affected the purchasing power of employees and workers. One report said salaries have been effectively reduced by about 50 per cent. because they are quoted in Cyprus pounds but paid in Turkish liras.

● Reuter adds from Nicosia: Two Arabs accused of killing Egyptian President Anwar Sadat's friend and adviser, Mr. Youssef Sibai, said in court here to-day they were innocent.

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HOME NEWS

Sir Idwal accuses officials of deceit

Financial Times Reporter

THE Ombudsman, Sir Idwal Pugh, has accused the Department of Health and Social Security of "deceitful" and "deplorable" behaviour when it withheld pension entitlements from disabled ex-officers

Sir Idwal said it was only a former army colonel's persistence in complaining that had brought the "full extent of the wrong to light."

His investigation showed that the Department had failed to pay 25 disabled ex-officers part of their pensions to which they were entitled because of their rank.

In 1964, the then Ministry of Pensions was told that it was not paying full pensions to certain individuals, but civil servants "deliberately" decided to ignore legal advice to pay up.

They agreed that they would only pay the full amounts if an ex-officer queried his pension, and, in that event, they would date the extra payments only from 1964—unless a pensioner pushed for full retrospection back to 1949.

The ex-officers concerned have now received their pension arrears in full plus compensation. Mr. David Ennals, Social Services Secretary, has written personally to the colonel who first took up the case to apologise.

Electricity supply study by MPs

By David Churchill

THE WAY the electricity supply industry should be organised in the future is to be considered by a select committee of MPs after the Easter Parliamentary recess.

The study by the Select Committee on Nationalised Industries is likely to be conducted before the Government publishes its proposed White Paper and legislation on the industry. This means that the select committee will, in effect, be holding a series of pre-draft hearings on the Bill.

A system of such pre-legislative hearings is not part of the present Parliamentary system, but is being considered by the Select Committee on Procedure.

The nationalised industries committee inquiry will be particularly concerned with the recommendations of the Plowden Report, published more than two years ago.

This recommended that the industry should be brought under a single body responsible to the Energy Secretary, but that operating units should have as much power as possible devolved to them.

The Government had hoped to publish a Bill shortly outlining the structural changes it proposed for the industry. The failure of the Liberals to support such a Bill, however, has meant that the proposals will now be published only in White Paper form.

The Government is still hoping it can secure Liberal support for a Bill.

The select committee investigation will also consider future demand for electricity and the programme for ordering new power stations. The tariffs charged to domestic consumers will also be investigated.

Members of sub-committee "B" of the select committee, who will be carrying out the investigation, are: Mr. Edwin Wainwright, chairman; Mr. Russell Kerr; Sir Donald Kaberry; Mr. Michael Marshall; Mr. Tim Renton; Mr. David Stoddart; and Mr. Mike Thomas.

MP attacks Lloyd's over Italian claim 'pressure'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

ALLEGATIONS have been made in the Commons by Mr. Jonathan Aitken, Conservative MP for Thanet East, that pressure was brought to bear on Lloyd's underwriters to settle an Italian insurance claim for £500,000 even though there was strong evidence that the claim was fraudulent.

Since Mr. Aitken decided to raise the matter in the House, the Committee of Lloyd's has decided to mount a full internal investigation into the allegation of undue pressure.

Mr. Stanley Clinton Davis, Under-Secretary for Trade, disclosed that the police were making their own investigation into the affair.

Mr. Aitken was severely critical of the Committee of Lloyd's, which he said had sat on the sidelines and refused to take action. He called for stricter self-policing at Lloyd's.

'Ill-considered'

Speaking to the House on Thursday he referred to what is known as the Savonita claim. He said that the actions of certain individuals in the affair gave rise to grave doubts about the pattern of other Italian insurance claims paid out by Lloyd's in recent years.

For the Government, Mr. Clinton Davis criticised Mr. Aitken for making a "premature and ill-considered" statement which might prejudice the investigations.

He had been told that the underwriters were aware of the report alleging fraud but had decided to settle the claim on legal advice. If that were so then there were no grounds for criticising the committee of Lloyd's.

Mr. Aitken told the House that in November 1974 the cargo ship Savonita put back into the Italian port of Savona and unloaded 301 Fiat cars supposedly damaged by a fire on board.

Mr. Bob Bishop, of the loss adjusters Graham, Miller went to Italy to investigate.

Mr. Aitken said he had produced "devastating" reports to show that a serious fraud had taken place. According to him the 301 cars had been sold to a Signor Dotoli, a Fiat dealer in Naples, for only 15 per cent. of the new value, and later resold by him at 80 per cent. of their value brand new.

The Bishop Report said that Sig. Dotoli was aided and abetted in the "nefarious enterprise" by certain senior executives of the Fiat group, said Mr. Aitken.

The cars were insured by SIAT, then the Fiat-controlled marine insurance company, and reinsured on the London market.

Pearson, Webb Springbett, the insurance brokers who were handling the SIAT claim against the British insurance market, decided not to press the claim.

But they were then dismissed and replaced by a larger firm of Lloyd's brokers, Willis, Faber and Dumas, who began pressing the London underwriters to settle.

Mr. John Mathew, QC, produced an opinion for Pearson Webb Springbett that a full inquiry by a prosecuting authority would probably produce evidence to sustain a provable charge of fraud. This opinion was sent to Sir Havelock Hudson, at that time chairman of Lloyd's.

Sad answer

At that stage said Mr. Aitken, the committee had in front of it evidence that a serious fraud had been committed and that the reinsurance claim should not be paid. But, he said, the sad answer was that the chairman and committee "did absolutely nothing."

Last week he had seen Mr. Findlay, present chairman of Lloyd's, with Sir Havelock and Mr. Gray, the deputy chairman. Their answer was that they had not intervened because it was a purely commercial matter, and Willis Faber and Dumas were satisfied that it was a bona fide claim.

Mr. Aitken emphasised that he was not suggesting that the committee had acted improperly. But it should have reflected that the only thing necessary for the triumph of evil was for good men to do nothing.

John Moore writes: It is understood that a compromise settlement was reached on the claims over a week ago, whereby the London insurance community, including Lloyd's, settled half the total claims of $1m. Lloyd's proportion of that settlement was $183,751.

A spokesman for Lloyd's confirmed last night that an internal inquiry was still in progress on the underwriting of the risk.

British Steel creates new jobs

FINANCIAL TIMES REPORTER

THE British Steel Corporation has achieved its first success in Scotland in creating new jobs to offset redundancies being made as part of the corporation's overall cost-cutting programme.

A new factory, making golf club heads, is to be opened at Irving New Town in Ayrshire by R.E.M. Metals. The company will have about 30 employees.

This breakthrough in Scotland, after two years of activity by British Steel's subsidiary, BSC (Industry), comes at the same time as an intensive publicity campaign giving details of the corporation's help in creating jobs.

Full page advertisements in several newspapers met with a brisk response of telephone inquiries. BSC (Industry) expects the response from this campaign to intensify next week after the holidays.

British Steel's efforts to create jobs in areas where it is being forced to close plants or make cuts in the workforce were welcomed in last Wednesday's Government White Paper on the future of the corporation. The White Paper promised that the Government's powers to assist industrial development would give full support.

Although there has been no conspicuous success in Scotland until now in creating jobs, British Steel has achieved more in England and Wales over the past two years.

However, the corporation is unable to supply details of the exact number of new jobs created as a result of its efforts since other Government job-creation agencies have also been involved.

In its advertising campaign, BSC (Industry) is stressing the overall Government help that is available, as well as British Steel's own resources. It is emphasising the availability of a reliable workforce in areas where it has had to make cuts.

Alfred Teves drives into U.K. brake replacement markets

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

ALFRED TEVES, the Frankfurt company which claims to be Europe's largest car brake manufacturer, is making a new drive into the U.K. replacement parts market through a link-up with Quinton Hazell.

The deal marks an important new step in the integration of the European components industry, as well as in Teves' development in the U.K., where it faces strong competition from Girling, the Lucas subsidiary, and Automotive Products.

At the same time it gives Quinton Hazell, a subsidiary of Burmah, its first opportunity to move into the distribution of braking systems.

The British company, based at Leamington Spa, makes and distributes a wide range of equipment for the replacement market, but brakes are such a high technology item that it has not before attempted to move into this sector.

Teves, which is owned by the U.S. conglomerate, ITT, established a U.K. manufacturing plant in South Wales two years ago. This has been gradually expanded to its present level of 150 employees, and is beginning to supply parts for the Vauxhall Chevette, Ford Escort, and Chrysler Alpine.

The German company is now aiming to expand its coverage of replacements, since rapid expansion in the number of foreign vehicles on British roads is creating considerable new business for overseas suppliers. These opportunities are increasing as the overall age of the foreign vehicle fleet goes up.

Quinton Hazell said yesterday it estimates the size of the replacement brakes business in the U.K. at £50m. a year in retail prices. Of this, it is aiming to capture about £1m. with Teves products in the first year.

NEDO head decision after recess

By John Elliott, Industrial Editor

THE Prime Minister is expected to announce the name of the next director general of the National Economic Development Office in about two weeks' time, when Parliament has reassembled after the Easter recess.

He will make his choice from a short-list of three senior industrialists put forward by a selection board comprising Sir Douglas Wass, permanent secretary at the Treasury, Mr. Len Murray, TUC general secretary, and Sir John Methven, director general of the CBI.

These three men have interviewed at least four candidates and are now understood to have submitted three names to Mr. Callaghan.

The candidates are believed to hold senior boardroom posts in well-known industrial companies, which means that they fulfil the criteria set by Mr. Callaghan and backed by the TUC that the person chosen should be an industrialist.

The £19,000-a-year job has been vacant since the end of last year, when Sir Ronald McIntosh retired after four and a half years.

Mr. Bernard Asher, who was the National Economic Development Office's industrial director, has been acting director general. He is due to return to Standard Telephones and Cables, which seconded him to the office

The man chosen faces the task of improving the credibility and public awareness about the Government's industrial strategy, which has now entered its third year. The Government wants to try to transmit some of the strategy's aims into individual companies.

Egg wholesale prices are cut

BY RICHARD MOONEY

EGG PRICES are expected to begin to fall in the shops next week after a 3p-5p a dozen cut in wholesale prices announced yesterday.

The Goldenlay marketing consortium is reducing prices of sizes one to four by 3p a dozen, and sizes five and six by 5p a dozen. This will bring size two (the old "large" size) down to 46p-55p a dozen, and size four (the old "standard") down to 43p-51p a dozen.

The reductions result from increased supply rather than reduced demand. Consumption is marginally higher this year.

Consumption has received a short-term setback because of anticipation of the traditional post-Easter holiday decline.

The Eggs Authority said yesterday that major egg-packers had reported a reasonably good but "hesitant" market, while direct sellers had experienced "record sales."

But the high level of supplies, also felt on the Continent, is affecting the balance of the market. The Middle East, usual market for Britain's surplus eggs, is well supplied at the moment, and other potential buyers abroad find supplies relatively easily.

Domestic supplies are only now recovering from disruption in the blizzards. Though packers reported an increase of 22,000 boxes (360 eggs each) in the month to March 19, last year's increase in chick placings is only beginning to be reflected in egg supplies.

Placings in the second half of last year were about 3 per cent. higher than a year earlier, and the January 1978 total was 7 per cent. higher than in January 1977. The January chick placings total was 4.59m.

John Lewis sales up

SALES in the John Lewis Partnership department stores and specialist shops last week, at nearly £5.2m., were 21.1 per cent. up on the corresponding week last year. In Waitrose, the partnership's food group, sales were about £3.9m., an increase of 21.7 per cent.

Total sales about £9m., were 21.8 per cent. up, and for the seven weeks to March 18 were up by 20.1 per cent.

Midland loans to S. Africa ended

By Michael Blanden

MIDLAND BANK stopped making loans to the South African Government about two years ago, Lord Armstrong, the chairman, reports in his annual statement to shareholders.

The announcement comes after persistent pressure on Midland from anti-apartheid groups and confirms the policy of not providing direct support for the South African Government and its departments.

Lord Armstrong says that such new arrangements as the bank made for borrowers within South Africa were now confined to "the finance of identifiable trade with the U.K."

However, this policy did not envisage "our ceasing to grant conventional banking support to those among our commercial customers who have South African interests."

The Midland statement, published on Thursday, came as Barclays Bank was subjected to pressure from Nigeria. The government in Lagos announced the withdrawal of public funds from Barclays Bank of Nigeria in response to the bank's policy on South Africa.

The Nigerian action, which also included ordering a cut of a third in the bank's foreign staff, was a reaction to the statement by Mr. Anthony Tuke, the group chairman, that the bank intended to remain in South Africa and "use all the influence we have to try to bring about a happier and

Misunderstanding

Several other big international banks, including Citicorp, the second largest U.S. bank, have recently announced that they were ending loans to the South African government and its agencies.

Lord Armstrong made clear that the Midland announcement was designed to explain the bank's present position. There had been a misunderstanding over its policy which had been apparent in public statements by the bank's opponents, he said.

Over the past year private discussions had been held between officials of the bank and representatives of the anti-apartheid groups.

The move was welcomed by the End Loans to Southern Africa organisation, which brings together a number of anti-apartheid and church groups.

Annual Statement Page 17

Inflation will be below 10% this year says Healey

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S inflation rate is still falling and will be "well into single figures" throughout this year, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons.

He rejected Opposition charges, supported by Sir Geoffrey Howe, the Conservative shadow Chancellor, that the recent growth in the money supply made a mockery of hopes that the inflation rate would stay below 10 per cent.

Speaking before Parliament adjourned for the Easter recess, Mr. Healey said that the money supply would be back on trend by the end of the current financial year. The remaining period was too short to make a precise forecast, but the annual growth rate would be 13 per cent., or more.

He scoffed at a suggestion by Sir Geoffrey that the Government was ignoring the expansion in the money supply, because it knew that it would fall to a Conservative administration, after the General Election, to deal with the inflationary consequences. Mr. Healey said that he had inherited a money supply increase of 28 per cent. from the Heath Government.

Tory backbenchers recalled that in the last General Election campaign, he had maintained that the annual rate of inflation had fallen to 8.4 per cent. But Mr. Healey retorted that on the same basis—an annualised figure based on the past three months—the current figure was 7 per cent.

Asked about the Government's policy towards a fixed parity for sterling, Mr. Healey said that a fixed exchange rate was impossible in a world of floating rates.

Real disposable incomes rose 120% since war

FINANCIAL TIMES REPORTER

REAL personal disposable income increased by more than 120 per cent. between 1948 and 1976, according to figures in the Economic Trends annual supplement (1977) published by the Central Statistical Office.

Over the 28 years the internal purchasing power of the pound fell by 78 per cent. The average prices of new homes on mortgage rose between 1956 and 1976 by more than 475 per cent.

From 1956 to 1976 too, basic weekly rates in manufacturing industry increased by nearly 390 per cent. Personal saving increased from 1.8 per cent. of disposable income in 1947 to 14.6 per cent. in 1976.

Pay body urges increase for MPs and Ministers

BY DAVID CHURCHILL

SALARIES of Ministers and MPs should be increased in line with recommendations made more than two years ago, according to the Review Body on Top Salaries.

Commenting on a recent Expenditure Committee report, the Review Body says that "it is of the utmost importance that some substantial move should be made to implement the recommended salaries, which were appropriate more than two years ago, not later than the beginning of the next Parliament."

The Prime Minister should receive a £7,000 rise to £30,000 and Cabinet Ministers, a similar increase to £23,000. MPs should receive a £1,730 rise to bring their salary to £8,000.

The difficulties of increasing Parliamentary pay because of public criticism, are acknowledged by the group. "But we cannot accept that it is in the national interests for Ministers, or for that matter, Members of Parliament, to continue to be so seriously undervalued."

On senior civil servants' salaries, the group criticises the Expenditure Committee for over-simplifying the problems of comparisons with the private sector.

"If the principle were adopted that top civil servants' pay should be determined simply by comparison with top executives' pay outside, the task would become a largely mechanical process of establishing facts that would automatically produce rates of pay for the three top grades—to be accepted or not by the Government—and no review body would be needed.

● NEWS ANALYSIS—DIAMONDS

When gem prices go rocketing

BY KENNETH MARSTON

SUDDENLY, it seems, the price of diamonds has gone into orbit. This week at least one jeweller complained that the price of diamond jewellery being offered to him had reached £220 a carat—there are 142 carats to the ounce—compared with about 160 a carat just before Christmas.

The various diamond investment concerns have been even more busily extolling the financial virtues of their gems, and De Beers' Central Selling Organisation, which markets over 80 per cent. of the world's output of rough, or uncut stones on behalf of De Beers and other producers, has put a surcharge of 40 per cent. on the prices asked at its next sale on Tuesday.

No for ever

Soaring prices for a luxury item at a time of world economic recession seem paradox enough. More so is the fact that De Beers, whose advertising slogan is "A diamond is forever," does not believe that the current prices are "forever," and furthermore is trying to curb them via its central selling organisation which has never reduced its prices. Such is the magic and mystery of the diamond world.

Gem diamonds at the rough stage are marketed by the CSO, which holds ten annual sales, or "sights," as they are called.

There are some 300 permitted clients of the CSO who are invited to buy parcels of assorted stones at the sights.

Although the parcels are tailored as far as possible to the client's needs, he is not permitted to pick and choose, and must take the whole package or leave it alone. But this does not mean to say that there is no haggling.

The diamonds then set out on a journey which moves to the cutters and polishers, jewellery manufacturers and various wholesalers and finally to the High Street retailer. Each sector of the chain takes a piece of profit, and the retail mark-up can be 100 per cent. or more. The main market for gems is the U.S., with Japan a well-outdistanced second.

The purpose of the CSO is to provide a guaranteed market and as far as possible stable prices for diamonds bought from the producers. It maintains stocks of both diamonds and cash so that in times of poor demand for gems, as in 1974-75, the cash can be used to finance unsold stocks, while the latter can be moved on to the market when demand expands.

The CSO determines the prices of rough stones, no mean task when it is realised that there are some 2,000 categories with widely varying prices depending on colour and clarity. Diamonds are thus not sold by weight alone. Valuing a gem requires years of experience.

CSO price increases are quoted as averages in percentage terms. They are made irregularly, and until last year rarely exceeded 10 per cent.

But 1977 was a boom year, and not only was there an increase of 15 per cent. in March, but an even bigger rise of 17 per cent. the following December. The total value of CSO sales in 1977 reached a record $2.07bn. from $1.55bn. in 1976.

Last year's unprecedented demand covered virtually all categories of diamonds, but was most marked in the smaller stones of under 1½ carats, which had been in over-supply two years earlier. The market then held its breath as it watched the ominous signs of a downturn in the U.S. economy.

But instead of depressing demand, the U.S. fears attracted increased buying of diamonds as a hedge against the uncertainties facing the dollar, just as they did in the cases of gold and platinum.

Indeed, segments of the diamond chain were inclined to hold on to the stones, with the result that price premiums of 50 and even 100 per cent. developed.

This, of course, did not help the diamond mines or the buying public. The CSO decided that something had to be done to curb this speculation and reduce the gap between its prices and those on the open market. It was decided that the CSO would at its discretion reserve the right to impose a surcharge, but not a normal price increase, at any given sight and subsequently drop it without notice.

This week the first surcharge of 40 per cent. has been announced. De Beers hopes that this will cream off the speculative froth from the market. Buyers having to pay the surcharge will be well aware that in the event of speculative demand drying up they will not be able to sell their diamonds back to the CSO.

Whether this ploy will work remains to be seen, but nobody in the diamond world is prepared to underestimate the strength and experience of De Beers and the CSO.

The moral of the story is that while your diamond ring or brooch is almost certainly worth more than what you paid for it, anybody purchasing a diamond now for an investment may well be entering the top of a vulnerable market.

All figures in pounds sterling converted at appropriate rate of exchange.

Weight (carat)	£ 1973	£ 1974	£ 1975	£ 1976	£ 1977	£ 1978
1.00	2,308	3,288	3,907	6,557	7,308	10,469
1.25	2,971	3,691	5,238	8,196	9,135	14,063
1.50	3,967	4,826	7,135	13,426	13,135	20,234
	5,350	5,705	9,157	16,446	16,828	25,330
2.00	9,383	12,680	14,270	24,662	25,866	32,917
	10,879	13,311	17,658	27,454	29,901	38,350
2.50	12,323	15,394	21,236	33,580	35,790	47,135
	13,941	17,218	26,259	40,016	42,928	55,900
3.00	20,580	25,569	31,500	44,148	48,631	63,750

Source: Diamexpansion (U.K.)

HOME NEWS

Concern in tractor component industry

By Arthur Smith,
Midlands Correspondent

CONCERN IS mounting in the tractor component industry about the growing list of redundancies and short-time working in response to flagging world demand.

Garringtons, the GKN forgings subsidiary, is the latest to announce that it is seeking voluntary redundancies among its 3,600 workforce. Birmid Qualcast has already called for more than 300 redundancies at Darthmouth Auto Castings, and another 600 Birmid workers are currently on short-time.

British Leyland's Beans foundry, at Tipton, as an important supplier to the tractor industry, has had to implement extensive short-time working for its 1,300 employees.

The main problem confronting suppliers is how deep and prolonged the recession will be. The U.K., as the leading manufacturer of tractors in Western Europe, is an obvious victim of the downturn from earlier record world sales.

Ford at Basildon, Essex, which accounts for more than one-third of the multinational's sales worldwide, laid off 850 production workers before the Easter break. Massey Ferguson will next week lay off nearly all 4,800 workers at its two Coventry plants.

Anxiety

The Canadian-based multinational will extend the shutdown into the following week for the majority of its 1,600 machine shop employees. Massey Ferguson has not ruled out the possibility of redundancies, but has promised trade unions a report on market prospects next month.

While manufacturers are treating the fall in demand as fairly routine, some component suppliers are concerned that it may prove more significant. "The drop in orders is sufficient to confront suppliers with a pretty traumatic situation," one senior *director claimed last night.*

Component suppliers are reviewing their orders with anxiety. GKN is obviously vulnerable. Lacock Engineering, a GKN clutch subsidiary at Sheffield, is scheduled to put around 250 workers on to a three-day week from April 3. GKN-Sankey, a supplier of tractor cabs and wheels, is monitoring sales closely.

Ocean Transport plans to cut fleet this year

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

OCEAN TRANSPORT and Trading, one of Britain's big four shipping companies, may have to cut its active fleet by up to ten ships and reduce the number of its officers by over 5 per cent. this year as a result of the shipping recession.

In a letter to seafarers, Mr. William Menzies-Wilson, managing director of Ocean Fleets, says the Liverpool-based company had hoped to avoid cuts, as Ocean's series of new, larger and faster ships came on stream in the coming months, by obtaining outside ship management contracts.

"We are still confident that we will obtain ship management contracts—but not as quickly as we had originally hoped," he says.

The company says its fleet reduction, the extent of which is still not fully determined, will be made either by laying up ships or selling them.

The group has already sold three liner vessels and one bulk carrier this year. Two of *the liners, the Adrastus and* the Eumaeus, were 25 years old, but the 26,000 deadweight tons bulk carrier, Antenor, is only six years old.

Charter rates

Mr. Menzies-Wilson says the recession in shipping can be expected to last for some time, but he is confident that Ocean's smaller, more modern fleet will be "efficient and fully competitive."

He says that it is vital that the group operate only viable ships. This means it should continue to charter in some tonnage, even though it is getting rid of its own vessels, because charter rates are so low.

These chartered vessels will be used in some cases to prove new trades or to bridge gaps until Ocean's own tonnage is available.

The effect on Ocean's staff is likely to mean redundancy for 100 officers and about 200 Nigerian and Chinese ratings. Where possible, the reduction will be through voluntary retirement.

No reduction is planned in the cadet officer training programme, nor are redundancies among junior officers expected.

British Caledonian to offer new cheap excursions from April

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BIG SAVINGS on the normal tourist return air fare between London (Gatwick) and Edinburgh, Glsagow and Manchester will be possible with new cheap excursion rates to be introduced on those routes by British Caledonian from April 1.

The new fare will cut nearly £22 off the normal return fare on the Glasgow / Edinburgh routes, and £16 off the Manches*ter fare, the airline says.*

hTe new rates, approved by the Civil Aviation Authority, are called Advanced Purchase Excursion (Apex) fares, and are expected to attract some 9,000 extra passengers between April and November.

The fares will be: £44.30 return, London-Edinburgh and London-Glasgow, and £32.60 between London and Manchester. *They are available only for* round-trips and tickets must be paid for at least one month before the day of travel.

The interval between outward and return flights must be at least six nights unless it includes a Saturday night. Apex can therefore be used for week-ends away.

The new rates will compare *with the British Airways "no* reservations" Shuttle fares between London (Heathrow) and Glasgow/Edinburgh of £18.50 single, equivalent to £37 return. These Shuttle rates are available only for instant purchase immediately before flight.

The normal tourist return fares on the main trunk routes to Edinburgh and Glasgow are £66 from April 1, or £60 to Belfast.

British Airways is also cutting up to £35 off the cost of some of its early-season package holidays to Rhodes, Tangier, Alicante, Tenerife and Las Palmas. The cuts on holidays in the British Airways Sovereign and Enterprise brochures apply only to holidays taken during April.

The cuts will mean that a seven-day bed-and-breakfast holiday in Rhodes will cost £73 (a £35 saving), in Tangier £74 (a £20 saving), while a 14-day holiday in Alicante with full board will cost 95, a reduction of £15. These special offers are available from Gatwick and Manchester.

Plessey backed on landing aid

BY MICHAEL DONNE

THE U.K. Government fully supports the efforts of the Civil Aviation Authority and the Plessey Company in trying to win the international competition for a new landing aid for civil airliners.

"It will also give all possible help to ensure its production in the quantities needed to meet world demand if chosen as the world's next aircraft landing *system.*"

Mr. Alan Williams, Minister of State, Industry, told the Commons on Thursday that the "technical superiority" of the British system, called Doppler Microwave Landing System (DMLS), was now being tested over that of the U.S. (called Time Reference Scanning Beam, or *TRSB), in a series of trials at* main world airports.

"There is no substance in the allegation that the U.K. could not supply the Doppler system in adequate quantities. I can give an assurance that the Government stands firmly behind this project."

The rival systems are to be *judged by an expert All-Weather* Operations Panel of the International Civil Aviation Organisation (the aviation technical agency of the UN) at a special Montreal conference this spring. The U.S. has, however, been bitterly critical of the U.K. system.

So far, the U.K. system appears to be *holding* its own in the comparative trials against the U.S. system, and the U.K. team, including representatives of Plessey and the authority, are confident that given a fair hearing by the ICAO, the Doppler system will prevail.

The size of the potential world market for the new equipment is *estimated at* more than £1bn. over the next ten years. Whichever system is chosen, all the world's major manufacturers will be entitled to make it, since under the ICAO rules there will be no patents on the device.

Government to pay £50m. more for Drax 'B'

Financial Times Reporter

THE GOVERNMENT is to contribute £50m. towards the cost of building the new Drax "B" power station in Yorkshire because of its request to the Central Electricity Generating Board to accelerate construction.

This was revealed in the Nuclear Safeguards and Electricity (Finance) Bill published last Thursday. The Bill puts forward proposals for inspection procedures at civil nuclear installations.

Concern over air insurance losses

FINANCIAL TIMES REPORTER

CONCERN OVER losses in the aviation insurance market, stemming from increased competition for business and a resulting over-capacity situation in the market, is expressed by the London Aviation Insurance Offices' Association.

Mr. Graham Willett, association chairman, points out in his annual report that this competition and over-capacity have resulted in a complete change in the market situation, from profit to loss.

The Tenerife disaster last year, in which 578 people were killed when two KLM and Pan American Jumbo jets were in collision on the runway at Terenife airport, enabled insurers, for a time, to negotiate justifiable increases in premium rates. But the improved conditions hoped for from this "have been entirely dissipated."

The tendency for airlines to buy, for economic reasons, "wide-bodied" aircraft such as Boeing 747 Jumbo jets, presented insurance underwriters with the problem of greater risks concentrated in fewer aircraft.

Some of these aircraft are insured for $50m. each, and can carry nearly 500 passengers. "A major catastrophe involving one of these aircraft could cost a substantial proportion of world-wide premium income."

Welsh union recognised

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GOVERNMENT has decided to give formal recognition to the Farmers' Union of Wales as a representative organisation of the agricultural industry. This decision marks the successful conclusion of the FUW's 23-year-old fight for a separate voice to be recognised for Welsh agriculture.

It coincides too with devolution of most Welsh agricultural responsibilities from the Minister of Agriculture to the Secretary of State for Wales, from April 1.

The FUW began in Carmarthenshire in 1955 as a 12-man breakaway from the National Farmers Union of England and Wales as a result of dissatisfaction at the attention Welsh farming problems were receiving from the English-dominated NFU. Scotland and N. Ireland both have their own separate unions.

Hotpoint centre opened

FINANCIAL TIMES REPORTER

HOTPOINT/MORPHY Richards have opened a new computerised service centre at Renfrew, near Glasgow.

It will handle repairs and supplies of spares for domestic appliances from the whole of West Scotland. It is the third centre of its kind to be opened by the GEC subsidiaries in the U.K. after London and Stockport.

Two further centres are to be opened shortly at Southampton and Maidstone.

Live exports

A report on the export trade in live animals from Britain, commissioned last July in response to complaints of cruelty, has been completed. Mr. John Silkin, Minister of Agriculture, said that it gave no recommendations on what should be done but set out "clearly and comprehensively" the many issues involved.

It was intended to publish it in full.

Attlee statue

A statue in memory of Lord Attlee is to be erected in the Palace of Westminster. Mr. Michael Foot, Leader of the Commons, said that Mr. Ivor Roberts-Jones would be commissioned to sculpture a full-length bronze statue. Total cost o fthe project would be £26,000. It is hoped that the statue would be erected by the summer of 1979.

Busmen redundant

More than 100 drivers and conductors are to be *made redundant* when three United Counties bus depots in Northamptonshire are closed on April 2, following the county council decision to halve bus subsidies.

Army boots order

The John White footwear company at Higham Ferrers, Northamptonshire, has been awarded a £1.5m. contract by the Ministry of Defence for boots for the British Army.

50p in demand

Because of exceptional demand for 50p coins in recent weeks, the Royal Mint has been unable *to meet in full all the orders* placed by the banks, Mr. Denzil Davies, Treasury Minister of State, told the Commons. Production would be raised by an extra 60 per cent. in the coming weeks.

Millionaires count

Without taking account of assets *in certain trusts, it is thought* that there may be approximately 1,000 individuals in the U.K. with assets of more than £1m., Mr. Robert Sheldon, Financial Secretary told the Commons.

Planning laws revision urged

By Our Property Correspondent

A RADICAL revision of Britain's planning laws is called for in the latest Conservative Political Centre review.

Mr. Sydney Chapman, former Conservative MP, architect and town planner, says that planning policies must be changed to "avoid the orgy of ruin, delay and dissatisfaction that has brought us to the present crisis of confidence between the planners and the people they plan for."

The Political Centre publication, Town and Countryside: Future Planning Policies for Britain, outlines a three-point strategy to speed the processing of the 400,000 planning applications made in Britain every year.

Firstly, Mr. Chapman calls for an end to ambiguous distinctions between county and district council planning responsibilities.

Unpopular

Secondly, he says that the number of official bodies that *planning authorities must* consult should be reduced.

Thirdly, he believes that, although "planning controls, dependent as they are in so many cases upon interpretations of taste, are inherently unpopular," unpopularity need not spill over into demonstrations and disorderly public inquiries.

Greater mutual trust between planning committees and their professional staffs would help to overcome these problems, he says.

"With over 40 per cent. of our countrymen living on less than 7 per cent. of our land . . . we need a national planning strategy that is both sensible and flexible."

Town and Countryside: Future Planning Policies for Britain. Conservative Political Centre: 60p

Property decline confirmed

By John Brennan,
Property Correspondent

THE DEPARTMENT of Trade and Industry's latest sample survey of land and building sales puts an official seal of recognition on the 1973 property crash.

The survey of sales in England and Wales notes the decline in the non-residential property market after October 1973, and shows total property sales falling from 1973's £12,000m. to £10,000m. in 1974. The sales rise to £12,000m. again in 1975 and to £13,500m. in 1976, and the Department cautiously comments that "sales in 1977 are unlikely to have been lower than in 1976."

Analysis of the market by size shows that sales of non-residential properties worth over £500,000, which slumped after October 1973, fell to their lowest level in the first quarter of 1976. A subsequent steep increase in sales activity in this sector marks the recovery from the trough of the property market slump, a recovery that faltered early in 1977 under pressure of higher interest rates.

In the residential property market, the value of sales has risen in each survey month since October 1973. But the number of sales fell for two years after 1973, except in the south-east of Britain, excluding Greater London. The volume of house sales did not pick up again until November 1976.

Over-heating

● Mr. Cecil Baker, chairman of the £200m. Property Unit Trusts Group, warned about "signs of over-heating in the property market."

At the annual meeting of the Property Unit Trust for Public and General Superannuation Schemes, Mr. Baker noted the recent sharp rise in commercial property prices and warned: "There are signs of over-heating in the property market and with a background of economic uncertainty and some weakness in the stock markets, we are being extremely cautious about making further investments at the present time."

This cautious view is shared by other fund managers, and Mr. Baker commented that "There are indications that several major investing institutions are holding off from the market at current price levels."

Mr. Baker echoes a number of recent warnings about property price rises since last *autumn. Leading London estate* agents, Edward Erdman and Co., recently came out with the view that "Current yield levels represent too much of a gamble on future growth and a lot of funds are beginning to realise it."

In the February Poll of Property Market Indicators, produced by the *Royal Institution* of Chartered Surveyors in conjunction with the Financial Times and published earlier this month, RICS member firms reported an increasing reluctance by institutional investors to chase good quality property yields down any further.

Prime office yields have *already fallen from over 6½ per* cent. last summer to around 5 per cent. now, and prime industrial property yields onw stand at an historical "low" of under 7 per cent.

LABOUR NEWS

BARBED WIRE REMINDER OF MASS DEMONSTRATIONS

Air of melancholy hangs over Grunwick factory

BY PAULINE CLARK, LABOUR STAFF

AN EERIE melancholy hangs over the forecourts of the Grunwick film processing factory in Willesden, North London.

Scene last year of one of the biggest trade union demonstrations in this country and fulcrum of a national debate on industrial relations law, the factory gates in Chapter Road are now marked with sparse relics of last summer's turbulence.

Coils of barbed wire remain, but the gates are open, guarded by a single policeman.

A handful of pickets are there most mornings but ther "Official Picket" banner disintegrated in the rain a month ago.

Other trade union supporters turn up sometimes to boost their spirits. A fortnight ago, there was a 70-strong turnout organised by their union, the Association of Professional Executive, Clerical and Computer Staff.

The only regular supporter is a retired plumber and former branch secretary of the Electrical and Plumbing Trades Union. Mr. Harry Tout, 70, arrives almost every morning by 8.15 after a one hour and ten minutes walk from his home in Hampstead because he believes in the importance of *the union recognition case* at Grunwick to the trade union movement.

The Grunwick bus which provoked crowds last summer passes unheeded and many Grunwick workers now walk in—albeit briskly—to avoid being challenged by pickets. Generally, the pickets do not bother.

After a 19-month battle for union recognition and reinstatement for the remaining 57 strikers, the pickets are determined not to be seen to have given up, even though many believe that their case is lost.

Leading personalities in the Grunwick strike now privately admit that it is likely to end before this summer.

The dispute *has cost* APEX about £150,000 so far—a sum unlikely to be shrugged off by delegates of the union's forthcoming conference in May.

The Law Lords' decision last December to uphold an Appeal Court ruling invalidating a recommendation on union recognition at the plant by the Advisory Conciliation and Arbitration Service, was certainly the biggest blow to the trade union cause at Grunwick.

Only one of three main objectives of the strike has been achieved—the improvement of pay and conditions of employment.

The second aim—union recognition—*depends on* whether ACAS succeeds in arranging a second ballot of workers in the company and whether Grunwick workers not on strike, who have petitioned against the union in the past, want to be represented.

Mr. Roy Grantham, general secretary of APEX, says his aim is "to ensure that the law is properly applied." Under the Employment Protection Act, ACAS is obliged to attempt another ballot, but communications with the company since December have failed to produce results.

Mr. Grantham says that, while ACAS will want to make doubly sure this time that any further recommendation is not challenged by the company, *there is* also "clearly still a lack of desire by the company to have its workers balloted."

The last hope of reinstatement for dismissed strikers was probably lost some time ago, when trade union blacking of essential supplies to Grunwick was not effective. Even pickets still at the gates agree there is little hope of reinstatement.

Mr. Vipin Magdani and Mr. Johnny Patel who were at the gates this week will certainly remain until May 14, when a conference on Grunwick is planned to include leading supporters of last summers demonstrations such as Mr. Arthur Scargill of the National Union of Mineworkers, and APEX and other union leaders.

Mr. Grantham believes in retrospect that the Court of Inquiry into the dispute should have sat long before the two sides became so entrenched in their respective positions, but Mr. Magdani and Mr. Patel believe that ACAS should never have been brought in, because it prolonged the dispute and gave the employers a chance to delay a solution.

But they believe it has been worthwhile if only because it has led to attempts by MPs—such as Mr. Ted Fletcher and Mr. Iain Mikardo, with their respective *private members' Bills seeking* amendments to the Employment Protection Act—to close the loopholes in the law which destroyed the Grunwick case.

The current Garners steakhouses dispute in London, where workers have been dismissed for striking over a union recognition issue, is only one of probably *many other cases* in the future which they expect to feel the reverberations of the Grunwick affair.

Strike would lay off thousands of miners

BY ALAN PIKE, LABOUR CORRESPONDENT

MANY THOUSANDS of Yorkshire miners will be laid off after Easter if winding engine men go *ahead with a strike over incen*tive payments.

The winding engine men operate the machinery which carries miners and coal. A strike would cause immediate and widespread lay-offs among underground workers and would eventually lead to surface workers being sent home.

Leaders *of* colliery winders in North Yorkshire are ballotting their members on whether they wish to take strike action. But men in the Doncaster area are threatening to stop work from this week-end. The National Coal Board says that if this happens there will be an immediate impact on maintenance work, and coal production would be hit from Wednesday.

If the strikers halt production at all ten Doncaster pits it would cost production of 170,000 tons of coal—worth £4.25m.—per week.

The engine men are dissatisfied with their 40 per cent. bonuses which they have been allocated under the recently introduced incentive scheme. Talks between Doncaster winders' officials and National Union of Mineworkers leaders in Yorkshire have failed to resolve the dispute.

Mr. Jack Wood, NCB Doncaster area director, has warned that a strike by the winding men would be "seriously damaging" and would affect wages and bonuses of 17,000 men in the Doncaster area alone.

Jobs at a new mine being developed at Kinsley, near Hemsworth, are to be offered to 950 men at Rockingham Colliery, near Barnsley, which the NCB is running down.

Building bonuses 'bring more accidents'

By Our Labour Staff

ACCIDENTS in the construction industry are a result of raising workers' bonuses instead of their basic wages, according to Mr. George Henderson, national secretary of the Transport and General Workers' Union construction group.

His claim followed the prediction by Mr. James Hammer, chief inspector of factories, that 2,000 building workers might be killed and 400,000 seriously injured in accidents in the next ten years if safety standards were not improved.

Mr. Henderson said the health and safety executive report on the construction industry read like a "science fiction horror *story," but came as no surprise.* The union had consistently claimed "that increases in bonuses instead of increases in the basic wage only lead to increases in accidents."

Agreement had been reached on a new working rule on safety representatives and committees for the industry, he said. In conjunction with the TUC, safety courses would start in April in all parts of the country.

He called on employers to release union members on pay to attend the courses.

New talks to be held on dons' pay anomaly

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT is asking the university pay negotiating committee to consider demands by lecturers for early correction of a salary anomaly dating back to 1974.

Members of the Association of University Teachers have said they will not mark first degree examination papers this summer unless the anomaly is either rectified by October or referred to arbitration.

The Government has agreed to correct the anomaly, which arises from an arbitration award not implemented because of pay policy, but is proposing to eliminate the anomaly over three years.

Mrs. Shirley Williams, Education Secretary, acknowledged when announcing settlement of a 9.8 per cent. award for university academic staff in the present pay round, that the lecturers were pressing for settlement of the anomaly within a "considerably shorter period."

The Government, she said, was inviting the negotiating committee to consider this further.

Delegates to the conferences of the two largest teaching unions will this weekend consider lifting their ban on voluntary duties following settlement of the schoolteachers' pay claim in line with the Government's 10 per cent. guidelines.

The award, approved by the Government, will bring increases of between £5 and £27 per week.

The National Union of Teachers appears certain to lift sanctions, but the National Association of Schoolmasters Union of Women Teachers may decide to continue them until local authorities give an undertaking that voluntary duties do not form part of its members' contractual duties.

Publishers call for settlement

THE Newspaper Publishers' Association is seeking assurances from the Federation of London Wholesale Newspaper Distributors that there will be a speedy end to a dispute disrupting distribution in the capital.

The dispute, by members of the Society of Graphical and Allied Trades over consolidation of supplements into a pay increase, has prevented distribution of millions of copies of national newspapers and magazines. Its latest effect was on Thursday, when no copies of the Daily Express were circulated in

Little investment interest

The market was suffering from the holiday blues for much of the four trading days this week. While equities registered small gains on Monday, markings were only just over 4,000, the lowest total this year. In the gilt market the story was more or less the same with buyers holding back after the recent firm trend.

There was a little more activity in equities on Tuesday and earlier gains in leaders were taken a few pence higher with the market taking a favourable view of the Government's White Paper on the future use of revenues from North Sea oil.

But there was no sign of any follow-through on Thursday and little action was seen in either equities or gilts and the end of the week closed on a very quiet note ahead of the extended week-end.

Leyland losses

British Leyland, firmly plugged into its Government life support system, successfully negotiated another cash transfusion this week. At the same time it announced another set of dismal figures which confirmed that Leyland's condition remains critical.

Losses last year, after special provisions of £43.9m. — including £24m. for the closure of the Speke plant — totalled almost £52m. This makes a total attributable deficit for the past three years of £133m.

The car division continues to sap strength from the rest of the group and last year it turned in losses of £32m. as car production continued to be hit by a series of strikes and other industrial disputes.

BL's new chairman, Mr. Michael Edwardes has now announced a major switch in investment plans which will mean a cut-back in programmed expenditure on the car division, with more money to spend on the profitable Truck and Bus and Special Products subsidiaries.

This is part of Mr. Edwardes' new strategy currently being considered by the Government, and which could cost a further £850m. He has already won broad approval for the plans to restructure the company's finances which include an equity injection of up to £450m.

As part of this BL is to receive a short-term loan of £275m. from the National Enterprise Board to help the group over the coming months. Last year the group received loans of £150m. from the NEB upon which it has been paying interest at an average rate of between 13½ per cent. and 15½ per cent. On top of this there was a substantial increase in private-sector debt last year.

This new loan is to enable the group to repay temporary borrowings and to continue its capital expenditure programme until Parliament has been able to consider Mr. Edwardes' latest plan for the group.

One bright note is that latest reports of U.K. car sales indicate that BL may have increased its market share to above 27 per cent. in March, but is is a long way back from the grave.

Insurance brokers

Some of the glitter was rubbed off the insurance broking sector this week by the results from Willis Faber and C. T. Bowring.

Willis disappointed on both dividend and trading counts. Punters had been hoping that in its last year of dividend freedom Willis would have given something more than the total 13.6p gross dividend declared. While at the trading level the group was not helped by the expense of moving into its new premises in Ten Trinity Square. That, and an unexplained slowdown in brokerage growth in the last

LONDON

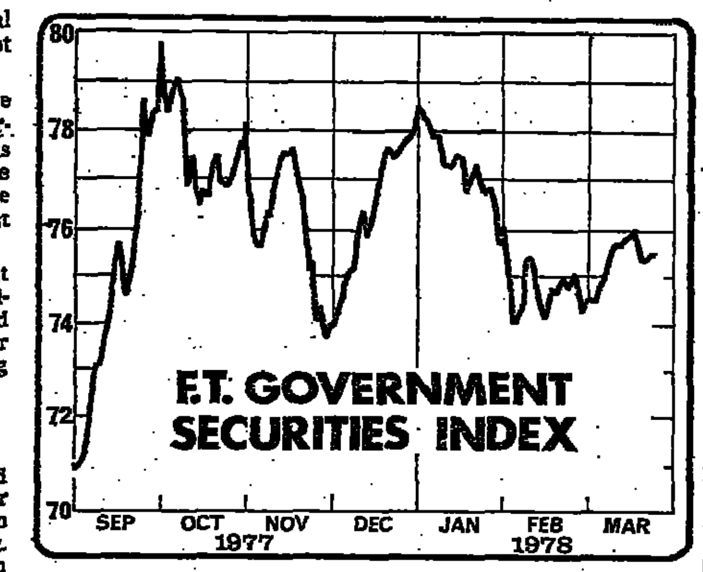
ONLOOKER

quarter, pegged the pre-tax advance to a modest 20 per cent. to £19.6m.

But C. T. Bowring's figures were a little better than expectations. Pre-tax profits rose by 28 per cent. to £33m., nearly half of this improvement on the back of the group's finance and banking interests. This support from lower quality earnings, together with fears that Bowring's shipping interests, which turned in operating losses of £2.7m. excluding two ship sales, will brake earnings, did not help the share price.

The insurance broking sector has given investors a good run for their money since Sedgwick Forbes declared its results at the beginning of the month. Although Sedgwick's 40 per cent. advance in pre-tax profits, due to very firm control of its expenses, has proved untypical, the FT Actuaries insurance brokers index has risen around 12 per cent., against a rise of 6.5 per cent. in the All Share index since the day before Sedgwick declared its results.

The sector looks overdue for some profit taking particularly as more mediocre results are expected, so new investors may be able to take a stake in this fashionable sector at more attractive prices.



F.T. GOVERNMENT SECURITIES INDEX

Barrow provisions

Wednesday's news from Barrow Hepburn that serious irregularities starting to come to light in one subsidiary could involve the group in losses "very substantially greater" than the £945,000 already provided for, knocked 12p off the shares and they have since failed to rally above 34p.

Last year's group profits were only £3.2m., so the Board has rightly deferred consideration of the final dividend. Now, however, there is a growing feeling that the wording still leaves the company open to considering at least a partial dividend pay out.

Merchant banks

The blue-blooded merchant banks have always regarded themselves as the elite of the financial establishment but one might never have guessed it from their stock market performance. Over the last five years the merchant banking sector has lagged far behind the market as a whole. At the moment the All-share index is only a tenth off its all-time high whereas the merchant bank sector is over 70 per cent. below its all-time high and there is little sign that it is on the mend.

The recent spate of end-year results from the accepting houses underlines their problem—no outsider can tell how well or badly they did. By all accounts 1977 should have been a sparkling year. There was plenty of takeover activity and the stock market hit a new peak. This was good news for the banks' sizeable investment management departments since their fee income increased and in addition there were plenty of opportunities for punting in the gilt edged market. But judging by their recent results, only Morgan Grenfell seems to have had a particularly good year. Since it is an unquoted company owned by Morgan Guaranty of New York and Willis Faber plus a few institutions, its profits increase of 92 per cent. is only of academic interest to investors.

Admittedly, Schroders' disclosed profits rose by 58 per cent. but this partly reflected a reduction in the losses of its overseas property associate, and profits on the banking side grew by only 22 per cent. Traditionally, the accepting houses do not disclose their true profits, and say hardly anything about their business. This may be sound sense from a banking point of view but it does not help their stock market rating.

THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM FEBRUARY 23

	% Change
Insurance Brokers	+11.05
Breweries	+10.18
Stores	+ 8.97
Insurance (Composite)	+ 8.88
Insurance (Life)	+ 7.17
Wines and Spirits	+ 6.68
All-Share Index	+ 4.96

THE WORST PERFORMERS

Engineering Contractors	+ 1.93
Electricals	+ 1.75
Pharmaceutical Products	+ 1.74
Household Goods	+ 1.11
Mining Finance	+ 0.28
Textiles	+ 0.11

MARKET HIGHLIGHTS OF THE WEEK

	Price Thursday	Change on Week	1977/8 High	1977/8 Low	
Ind. Ord. Index	460.5	+ 3.3	549.2	357.6	Mild Budget optimism
Barrow Hepburn	34	−12	54	31	Unquantified subsidiary losses
Bellway Holdings	67	+ 7	67	23	Bid speculation continues
Bullough	142	+12	142	65	Dividend-boosting rights issue
Conzinc Riotinto	168	+10	325	119	Diamond exploration hopes
De Beers Defd.	343	+20	347	188	40% surcharge on diamond prices
Group Lotus	48	+ 8	57	16	Speculative demand
Heron Motor	110	+12½	110	33	Investment support
House of Fraser	143	+10	158	69	Consumer spending hopes
Lane (Percy)	59	+10	76	28	Demand in a thin market
Molins	116	+12	132½	94	Board's optimism on prospects
Morrison (Wm.)	200	+13	242	80	Inc'd. earnings/capital proposals
Northern Mining	30	+21	32	4	Diamond exploration hopes
Pressac	82	+ 7	82	36	Pleasing interim report
Primrose	88	+35	116	35	Bid from Tongaat
Sanger (J. E.)	30	−16	57	29	Int. Div. omission and loss
Smart (J.)	48	+ 6	48	21½	Investment recommendation
Thomson Org.	210	+20	255	122	North Sea interest revives
Turner (W. & E.)	35	+ 6	35	18	Good annual results
Yule Catto	82	− 5	87	33	Adverse Press comment

U.K. INDICES

Average week to	March 23	March 17	March 10
FINANCIAL TIMES			
Govt. Secs.	75.36	75.80	75.25
Fixed interest	78.29	78.28	77.52
Indust. Ord.	462.0	457.9	448.6
Gold Mines	148.1	158.8	163.6
Dealings mkd.	5,165	5,308	4,679
FT ACTUARIES			
Capital Gds.	200.52	199.65	194.05
Consumer (Durable)	184.62	182.69	177.89
Cons. (Non-Durable)	193.53	191.14	185.67
Ind. Group	198.93	196.72	191.28
500-Share	219.99	216.82	210.97
Financial Gu.	166.01	165.35	160.35
All-Share	204.24	201.75	196.26
Red. Debs.	61.05	60.98	60.54

Crystal gazing

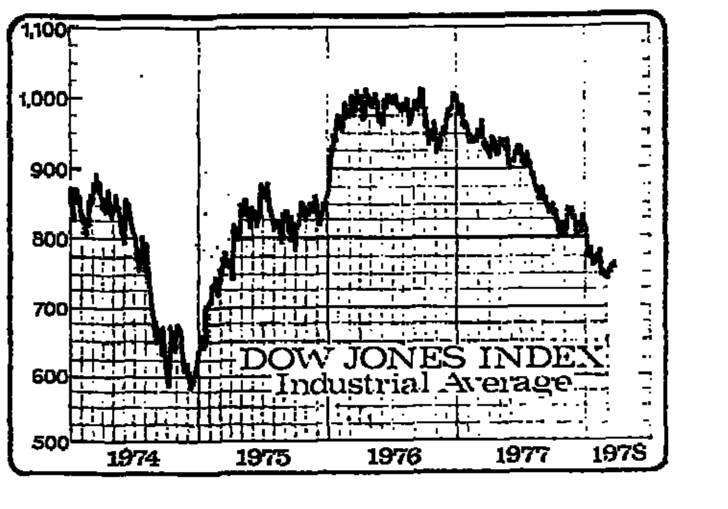
BY JOHN WYLES NEW YORK, March 24.

THERE ALWAYS seems to be an analyst somewhere in Wall Street with his finger on an historical trend. Some of their findings are so esoteric that they suggest that lifetimes are being spent delving into dusty, yellowing archives in an attempt to establish, among other things, what the market tends to do at 3 p.m. on sunny Tuesday afternoons in late March.

Merrill Analysis Inc. may well have been tempting the gods when Mr. Arthur A. Merrill of the same name threw a juicy historical titbit to the Wall Street Journal to the effect that since 1897 the industrial average has risen in nearly two thirds of the sessions preceding Good Friday. This, of course, was too much for the stock market which rarely wants to be caught behaving predictably. Not only did investors on the New York Stock Exchange seem to endorse Mr. Henry Ford's view of history ("bunk") but they did so in a most perverse way. Thus the session before Good Friday closed with the Dow Jones Industrial average down 1.04—which was sufficient to put the historians in their place.

The broader market was, therefore, in slightly better shape than the Industrial Average would have us believe. The persistence of this two-tier market has been sharply apparent during the past four sessions when the Dow Jones Industrials fell by 2.2 per cent. and the Composite Average of 65 stocks by 1.6 per cent. More graphically, while the Industrials were sliding down by a total of 17.32 the American Stock Exchange Index ended the trading week at a record high of 128.01. As someone pointed out this week, the market for the stocks of smaller capitalised companies is a bull one and this may be one of the reasons why Merrill Lynch, the world's largest broking firm, has noticed that in the first two and a half months of this year, the private investor is substantially a net buyer of stocks.

To return to the Wall Street analyst, a breed of men whose observations range from the acutely perceptive to the embarrassingly banal. According to a recent study by Nelson Communications, the average Wall Street analyst emerges as a 40 year old with 11 years scrutiny and stock recommendations behind him. Eight out of ten of the 54 analysts who responded to this survey were equity investors and half of these put money into stocks in the industry in which they specialised. On average, the analysts had recently suffered a drop in earnings and were now earning $81,700 a year compared to a peak of $96,700 recorded during the 1972-77 period. Their predictions of the year end close of the industrial average ranged from a high of 1,035 to a low of 600 with the average settling at 853. If the average opinion proves to be correct, their employers may have some difficulty maintaining present salary levels and future historians may well mark 1978 as the year of the emergence of the ragged trousered analyst.



	Close	Change
Monday	773.82	− 5.11
Tuesday	762.82	−11.00
Wednesday	757.54	− 5.28
Thursday	756.50	− 1.04
Friday	Exchange Closed	

Gold bulls hold breath

AS A GROUP, gold bulls are unquenchable optimists, happy to shrug away a downward movement in the bullion price, everlastingly confident that sooner or later it will resume its inevitable climb.

In recent months there has been a good deal to buttress this view. As the dollar has declined on the foreign exchanges so has the bullion price advanced steadily, reaching a high point for the last three years on March 8 of $189.625 an ounce.

At the beginning of the week, however, the optimists had reason to pause. The bullion price, it seemed, was locked into a decline as reports came through of possible U.S. gold sales as part of a wider economic package aimed at stabilising the dollar. By Tuesday the price had fallen to $177.375.

The fall was accompanied by a slide in the Gold Mines Index, which last Tuesday reached 141.03 after five days of decline from 166.3. But selling was not as widespread as the Index might suggest. Jobbers were aggressively marking prices down.

The bullion price was given a boost by a misleading agency report on Wednesday, while the share market moved higher in a technical reaction against the earlier falls. The rally in shares was sustained on Thursday and the Gold Mines Index was 156.8. But the gold price ended the day nervously at $179.375 an ounce.

The feeling is growing that both markets have seen the worst of a difficult patch and that the outlook has become clearer. If gold is sold by the U.S. Treasury it is likely to be done gradually. Now, indeed, the markets have a more realistic view of what is in store and have learned to live with it.

If this is true, then it suggests that the markets are prepared to pay more attention to underlying factors outside the immediate considerations posed by currency movements. In this respect the markets are at harmony with the views expressed by Mr. J. Ogilvie Thompson, the chairman of Anglo American Gold Investment (Amgold) in his annual statement published on Wednesday.

Mr. Thompson conceded that the rise in the gold price was more marked in dollar terms than in Deutschemark or Swiss franc terms. This is apparent from the accompanying graph. But he argued that in 1977 "gold rose in price in both strong and weak currencies, and that in real terms gold began to recover what it had lost in the two preceding years."

On this basis, market analysis "has focused to a larger extent on the supply and demand equation rather than on matters such as exchange rate uncertainties," Mr. Thompson stated.

The important point in this connection is that the accelerating demand for gold, both for fabrication ad investment (or speculative) purposes, could not have been satisfied unless there had been additional sup-

MINING

PAUL CHEESERIGHT

plies from Eastern bloc sources and from official sales to supplement mine production. And mine production in 1977 was the lowest in South African for 16 years.

On such a basis, of course, the prospect of U.S. Treasury sales in the near future is not a matter of much purport to the longer term future of market prices. The price may pitch about a bit, but its generally upward trend is not in doubt.

The degree of movement in the price will depend to a large extent on the level of speculative activity, which as a proportion of total demand is small. Only if fabrication demand drops off sharply does it seem likely that a decided bear trend would emerge.

Certainly the developing gold mines in South Africa are confident enough of the investment climate over the next few months to contemplate calls on shareholders for funds.

Deelkraal in the Consolidated Gold Fields group expects the cost of its new mine to be R150m. (£90.5m.), having taken a new look at the expenses necessary to come to production in the light of inflation. So far it has raised R100.7m. and now seeks an additional R50m. The terms of the rights offer will be announced on April 21.

Construction work at Deelkraal has keen running ahead of schedule and trial milling of ore should start next year with a build-up during 1980 of the milling rate from 60,000 to 120,000 tons a month.

Elandsrand, the new Anglo American mine, has progressed even faster and is expected to reach production during 1979 after investment expenses of just under R200m. (£121m.), compared with original estimates in 1975 of R127m.

In its annual report this week, Elandsrand makes it clear that further funds will be required from shareholders. There will be a rights issue in the middle of this year, but the terms have not yet been specified.

This high level of capital spending has been a characteristic of South African mines in recent years and has often been directed at uranium. Within the Anglo group, Vaal Reefs, for example, is spending R47m. of a 1978 capital expenditure budget of R72m. on increasing uranium output.

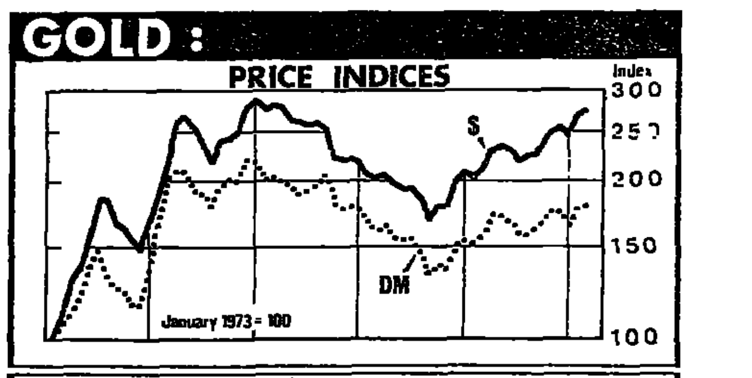
Hartebeestfontein of the Anglo-Transvaal Consolidated group this week joined the expansionist ranks with the announcement of a R5m. (£3m.) plan to boost uranium plant capacity over the next two years.

Meanwhile De Beers has been concerned about expansion of a different sort—the growth of diamond holdings in the cutting centres. So at the next London sight, or sale, on March 28, there will be a price surcharge of 40 per cent. over existing list prices.

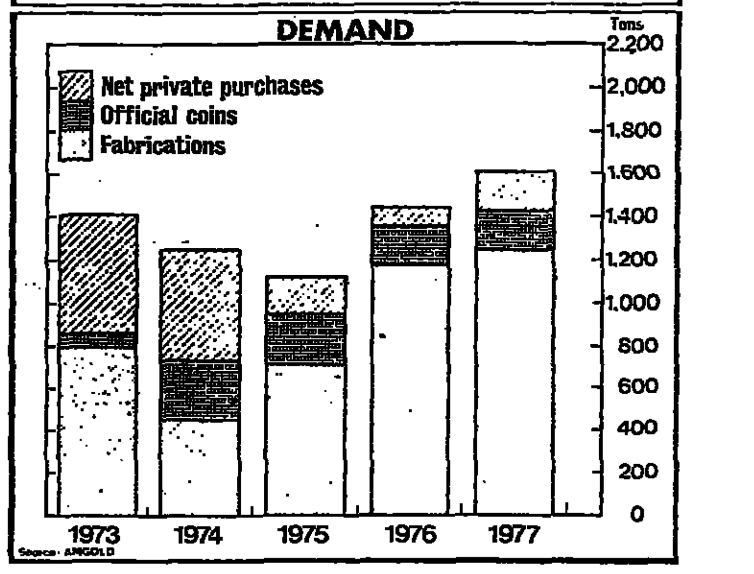
The lure of diamonds is strong enough to provoke high exploration expenditure and in Western Australia, Conzinc Riotinto of Australia, the senior partner of a joint venture, has announced that a processing plant is being established to treat samples from the Kimberley prospect.

Some diamonds have already been found, but not enough to establish whether the quantities available are adequate for commercial exploitation. CRA's junior partners in the venture are AO (Australia), Tanganyika Holdings, Sibeka and Northern Mining, whose share price this week has more than tripled to 30p.

GOLD: PRICE INDICES



DEMAND



In a state of euphoria

SHORT OF doing the conga round the pillars of the facade the Paris Bourse could hardly have celebrated the defeat of the Left with greater exuberance. In the week between the two rounds of voting French shares gained an average of 22.3 per cent. and in the account just ending they put on 25 per cent.

The first explosion came the day after the first round. Activity on the cash and forward market, at Frs.726m., was the highest in a normal trading day this decade. More than 50 shares were in such demand that they had to be withdrawn because buyers and sellers could not be matched. Stock Exchange authorities had to do a desperate whip-round of institutional investors to persuade them to put shares on to the market.

In that Monday's session French shares moved up by 9 per cent. Saint-Gobain, for example, put on 10 per cent. and PUK gained 6 per cent—the 280,000 shares which changed hands represented 1 per cent. of its total capital.

The star was MATRA. At its low point last year one of the few MATRA shares could be had for Frs.405. It went into the election at just over Frs.1,050. It was under such pressure on Monday that it could not be quoted at all. It made up for lost time on Tuesday by putting on 31 per cent. in a single session.

The following day the Bourse trimmed back some of the most extravagant gains, but it was only a prelude to another burst of buying. The following days saw rises on French shares of

PARIS

DAVID CURRY

3.5 per cent. and 4 per cent.

It launched itself again the Monday after the conclusive second round of voting with a 3.5 per cent. increase in French shares—relatively modest because some institutional investors were collecting the profits of the previous week's activities. Foreign money—particularly British—flowed into the Bourse with the elections definitively decided.

The table shows what happened to some of the shares threatened by the Left's nationalisation plans. It shows their rise on the morrow of the elections compared with the lowest point of their fortunes in 1977 and compared with their price on February 6 this year, which was their lowest level in 1978. In fact, since February the Bourse has climbed slowly as confidence in a Government victory grew and some institutional investors decided to buy shares at their bargain-basement prices despite the political risk.

The nationalisation candidates were not the only stars. Between the last pre-election day of trading and the first post-election session MATRA jumped from 1,070 to 1,700 (all values in francs), Guyenne Gascogne from 143 to 218, Creusot-Loire from 53.80 to 88.90, Carrefour from 1,320 to 1,580, Skis Rossignol from 1,345 to 1,770.

In the account now ending Creusot-Loire gained 56 per cent., Guyenne Gascogne 53 per cent., Schneider 52 per cent., Sacilor 55 per cent., UTA 51 per cent. and La Henin 49 per cent.

In May 1977 the CAC index reached its all-time low of 50.4. It is now pushing 65.

There is still room to go. At their present level French shares on average have simply climbed back to the level they were at when M. Raymond Barre became Prime Minister in September, 1976. The country's economic prospects are certainly brighter now than they were then, and the depressive imminence of elections has been removed. The CAC peak was 107.5 in 1973.

The Price of Freedom—The Nationalisation Candidates

Closing prices at	March 20	March 17	March 10	March 17 comp. with '77 low	comp. with Feb. 6 '78
Paribas	188.70	178.10	148	+ 71.62	+ 41.34
Suez	274.90	265	214	+ 55.09	+ 38.14
CCF	132.80	122.40	110.50	+ 58.10	+ 34.14
CGE	352	339.10	286	+ 71.60	+ 41.87
Thomson-Brandt	189	177	142.50	+ 68.07	+ 60.10
Machines Bull	34.50	32.80	25.20	+ 53.33	+ 31.68
Rhone-Poulenc	69	64.50	56.90	+ 42.26	+ 38.28
St. Gobain	155.50	147	122.50	+ 55.50	+ 40.73
PUK	92.40	86.10	74	+ 48.79	+ 44.15
Roussel-UCLAF	242	227	188	+ 89	+ 51.25

Not wisely but too well

IT IS difficult to pick the bull shares from the bear ones on the Tokyo Stock Exchange (TSE) these days. The Yen's rapid appreciation in March to a postwar high of Y230 to the Dollar should have cut deeply into the share prices of export-oriented stocks: in fact, damage has been scant to leading exporters like Matsushita (makers of National and Panasonic brand goods) and even Sony, whose profits were halved in the last term had a share price on Thursday the same as its December average.

By contrast, the construction and housing companies which were supposed to benefit from a big rise in government spending this year have hardly moved (and in the case of Eidai, a plywood and prefab housing company, instead went bust).

Market optimists are saying that at 5,267 (Thursday's closing) the Nikkei-Dow Jones Average for 225 key stocks, is nearing the all-time high of Y5,359.7 set in January, 1973. More pragmatic dealers, however, insist that the all-time barrier has not been breached despite a host of favourable factors and, therefore, may be out of reach for the remainder of 1978. They base their pessimism largely on the experience of 1977 when the market fell for most of the latter half.

Surprisingly, the factors which pessimists and optimists say have been "favourable" to the market recently are the same two: First, the Bank of Japan has cut its official discount rate from 4.25 per cent. to 3.5 per cent. This has a dual effect on the stock market. On the one hand, yields on bonds

TOKYO

DOUGLAS RAMSEY

and debentures will decline along with the rate cut, thus taking some of the edge off the Tokyo bond market and throwing some of that business back to the TSE. The new interest rate structure, moreover, reduces the interest rate burden in Japanese industry and according to one estimate, it will let companies on the first section of the TSE have about $475m. in interest costs. This would lead in turn to an improvement in corporate accounts for the coming business semester starting in April.

Second, liquidity is high. Despite a slowdown in the growth of money supply and increased Government spending, business investment has not picked up noticeably. There are various indications that the oversupply of cash has pushed share prices to their present level regardless of business performance in recent months and the profit outlook for the rest of 1978. Trading volume climbed to nearly 400m. shares a day in mid-March, or practically twice the level of a year ago.

The investment trusts, flush with funds, invested $145m. more in the stock market than they sold during the first ten days of March—a historical high. And the balance of "margin" transactions on the three main Japanese exchanges grew to an all-time record of just over Yen one trillion (about $4.3bn.) as of March 7—forcing the authorities to boost the obligatory non-credit portion in margin transactions from 30 per cent. to 40 per cent.

In short, the Tokyo market is living on borrowed money and, the pessimists reckon, borrowed time. At some point, they say, the long-stalled recovery in domestic investment will happen: when it does, companies will have an alternative market for their spare cash. Indeed, even the cut in the official discount rate can cut both ways—that is, boosting the attractiveness of stocks versus bonds and at the same time providing easier cash as a stimulus to investment. If the latter effect takes hold, the impact on the stock market could quickly turn negative.

Indeed, there is ample evidence that the speculative base of activity on the TSE is at present disproportionately large. One indication is the high average price/earnings ratio (even for Japan) with share prices reckoned to be roughly 22 times estimated earnings for the March term. Naturally, in Japan high p/e ratios are a fact of life for highly-geared companies, but the present level does reflect overpricing across much of the TSE board.

Interest in big-name shares has also risen because of fears of new bankruptcies among listed companies. The collapse of Eidai (which also had listings on foreign exchanges) seems to have shook many investors out of their conviction that listed companies must by definition be solvent (a conviction reinforced in 1977 when no listed company went bust despite a record high number of bankruptcies).

FINANCE AND THE FAMILY

Landlord of a tenant

BY OUR LEGAL STAFF

With reference to your reply under landlord of a tenant (February 4) I am in the same position as your correspondent and wish to ensure a property I let can be recovered for my son. Of what significance is the fact that the over-riding lease should be 15 months longer than the sub-lease? *Am I right in believing* that my son could not obtain possession of the property until at least five years after his interest had been created?

The 15-month period is designed to exceed the 14 months which, by Section 44 of the Landlord and Tenant Act 1954, would make a superior landlord the competent landlord. You are correct as to possession for the landlord's own occupation being restricted to a landlord whose interest was acquired five years or more previously—Section 30 (2) of that Act.

Redeeming a rent charge

I own a terraced house in respect of which I pay an overriding yearly ground rent of £20 and then collect eight apportioned rents adding up to the same amount. Is it correct that I can apply to some Government department to have the eight individual ground rents collected by the head lessor, *thus relieving me* of the burden of paying and then collecting?

You cannot quite achieve what you suggest by direct means. However you can apply for the redemption of the rent charge paid by you (that is its extinction in return for the payment of a lump sum) under the Rent charges Act 1977 (replacing Section 101 of the Law of Property Act 1925). Application should be made to the Department of the Environment for a redemption *certificate. The people who pay* apportioned rents to you can, if they wish, also make similar applications: but they are not bound to do so.

Claim for tax deducted

I am a British national, living in India since 1968. My total (world) income is not much over £1,000, of which £500 comes from investments in the U.K. The tax reclaim vouchers with regard to the latter are with my bank in England. Can I reclaim the tax deducted? If so, should I ask the bank to send me the vouchers, or what?

In order to establish your right to income tax relief for 1971-72 (the year ended April 5, 1972), you should write at once to the Inland Revenue Foreign Claims Branch, Magdalen House, Stanley Precinct, Bootle, Merseyside. -- Great Britain L69 9BB, giving your full name and place of birth, and saying that you wish to claim repayment under section 27 of the Taxes Act for 1971-72 and subsequent years.

Provided your letter reaches them by April 5, they will give you a little extra time in which to prepare and submit your formal claim for 1971-72, by concession; strictly speaking, the formal claim should be in their hands by April 5.

Your bank would probably be prepared to assist you in the preparation of your claims, for *a fee, but the cheapest solution* is to ask them to send all the vouchers to you: the claims are fairly straightforward. The vouchers for 1970-71 and earlier years are probably worthless now (because the time limit for such claims is six years) and so you could save postage by telling the bank not to bother to send you vouchers dated before April 6, 1971.

Winding up a trust

My father made a marriage settlement *in 1911, trustees* to pay his widow £400 a year. He died in 1931 and in his will he left the remaining capital in trust for any grandchildren, the income to be divided equally between his two daughters. On becoming 21 the daughters agreed to tie up the marriage settlement capital in trust for any children we might have. The younger daughter died without issue four years ago and with the *death of my mother the only* beneficiaries remaining are myself and my married daughter. Over the years, heavy charges have had to be paid to my late *father's* London solicitors and my daughter and I would like to get out of this situation and if possible to wind up the trusts. Can this be done?

You should consult your, or the settlement's, solicitors as to determining the trusts. We cannot advise fully without full copies of all the relevant trust instruments and wills. If there is no one who is or might become entitled under any of the provisions of the trusts as now constituted other than yourself and your daughter, you *may between you determine the* trust out of court. Otherwise (if, for example, your daughter's children take or might take vested interests) you must make an application to the Court under the Variation of Trusts Act 1958.

The new pension scheme

As regards the new State pension scheme, what is the legal position of a company that makes participation in their scheme compulsory and then *becomes insolvent? What* happens to a worker who has several jobs and therefore loses the benefit of continuity, if he is forced to join company schemes in some firms and left to join the State scheme in others?

Pension fund assets must be held separately from company assets in a trust fund. If the employer's business fails this separate trust ensures that the employees' retirement savings are secure.

An employee could be in and out of the State scheme in the situation you describe. In practice, during the periods when he is contracted-out of the Castle scheme he must be getting better benefits under a company plan. Overall, therefore he should be better off than had he spent all his working life in the Castle scheme.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Loan from non-resident

In your reply under tax relief, a house (Feb. 11) you wrote that special caution was needed if money was borrowed from a non-resident, since the borrower would not be able to apply the interest against income for tax purposes. Could you enlarge on this?

By coincidence, your inquiry is substantially answered in Mr. David Wainman's article of March 11, "A question of geography:" the point is also touched on briefly in paragraph 73 of Inland Revenue booklet IR11 (Tax Treatment of Interest *Paid*).

The relief available under section 75 of the Finance Act 1972 (as amended by the Acts of 1974 and 1976) is limited to (a) annual interest chargeable to tax under case III of schedule D and (b) interest payable in the U.K. or the Irish Republic on an advance from (i) a bank *carrying on business in the U.K.* or the Irish Republic, or (ii) a person carrying on business as a member of The Stock Exchange in the U.K. or the Irish Republic, or (iii) a person carrying on the business of a discount house in the U.K. or the Irish Republic. You will see, *therefore, that interest* chargeable to tax under case IV or V of schedule D (for example where the contract is subject to the law of the lender's country) is not eligible for relief under section 75 in any circumstances, except where the lender is a bank, stockbroker or discount house in the Irish Republic.

CHESS

LEONARD BARDEN

TWO EVENTS staged in the City of London last month provided a pointer to the shape of international chess in years to come. The first was the exhibition display at Salters Hall on February 20 when Nigel Short, at 12 the world's leading player for his age, defeated 22 out of 23 opponents from the City and Fleet Street in the annual Lloyds Bank City Trophy match.

Mr. Frank Leonard, a partner in stockbrokers Phillips and Drew, was the only player to avoid defeat, and his drawn game was adjudged the best of the match. The event was limited to players with British Chess Federation grades under 160, and the average was around 140—the standard of a quite good club player.

The impressive feature was Nigel Short's accuracy. In contrast to Reshevsky and Capablanca, the only players in chess history with comparable achievements at age 12, he is not particularly quick as a simultaneous giver—the match took four hours and 20 minutes—but his play was free from blunders, and he won several good attacking games of which this was among the best.

White: Nigel Short. Black: B. S. Drew (Lloyds Bank). Opening: Ruy Lopez.

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, P-Q3; 5 0-0, B-N5; 6 P-KR3, B-R4; 7 BxN ch, PxB; 8 P-B3, Q-B3 (less risky is B-K2); 9 P-KN4, B-N3; 10 P-Q4, BxP; 11 QN-Q2 (the same plan as brought Bobby Fischer a noted win over Geller), BxN; 12 NxB, PxP; 13 NxP, N-K2; 14 Q-R4, K-Q2 (a major concession, but P-Q4; 15 R-K1 is no better. White's position easily outweighs the sacrificed pawn); 15 R-K1, P-Q4; 16 B-K3, P-KR4; 17 P-N5, Q-Q3; 18 QR-Q1, P-N3; 19 B-B4! (seizing a tactical chance. If QxB; 20 RxN ch and if KxR; 21 NxP ch or if BxR; 21 QxP ch), Q-B4; 20 P-B4! (breaking through, for if QxP; 21 Q-R5, R-B1; 22 P-N3 traps the queen), B-N2; 21 PxP, BxN; 22 RxB, NxP; 23 RxN ch! QxR; 24 R-Q1, K-K3; 25 RxQ, PxR; 26 Q-B6 ch, K-B4 (Black could resign, but continues till mate); 27 Q-B6 ch, K-K5; 28 Q-K3 ch, K-Q6; 29 Q-B3 ch, K-K5; 30 Q-K3 ch, K-B4; 31 Q-K5 mate.

The next day, also sponsored by Lloyds Bank, Nigel Short *played a 10-game series* by transatlantic telephone against Chess 4.6, the world champion computer programme on Control Data's Cyber 176. Chess 4.6 has already beaten grandmasters Stean and Hubner in 5-minute games, and it won the Minnesota Open against humans. The result was ~~Short 6½, Chess 4.6 3½~~, but the play was uneven and it was the computer which produced the best game of the match.

White: Nigel Short. Black: Chess 4.6. Opening: Modern Benoni.

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-K3; 4 N-QB3, PxP; 5 PxP, P-Q3; 6 P-K4, P-KN3; 7 P-B4, B-N2; 8 B-N5 ch, B-Q2? (KN-Q2); 9 P-K5, N-R4; 10 N-B3, 0-0; 11 0-0? (11 BxB, NxB; 12 P-KN4 or here 11 ... QxB; 12 0-0 is good for White), B-N5! 12 PxP, B-Q5 ch; 13 K-R1, QxP; 14 Q-Q2, QBxN; 15 RxB, N-Q2; 16 B-B4, N-N3; 17 P-QN3, Q-Q2; 18 B-N2, KR-K1; 19 P-B5, B-B3; 20 PxP, RPxP; 21 QR-KB1, Q-N5!; 22 RxB? (falling into a deep trap—22 B-N5! would refute Black's combination), NxR; 23 RxN, NxB; 24 PxN, Q-Q5! (now if 25 QxQ, PxQ threatens both R-K8 ch and PxN, while Black immediately threatens QxQ or QxR); *25 N-N1, QxB! 26 Resigns.*

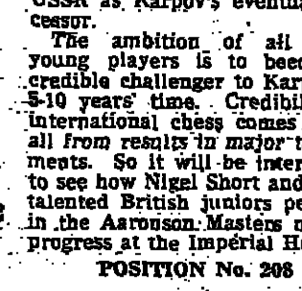
Nigel Short's results at age 12 are ahead of any other British player of this age, but if is indicative of world standards that both the U.S. *and the Soviet* Union have a schoolboy with similar achievements.

America's is Joel Benjamin, who beat a grandmaster in the recent New York *international*; while Russia's Garri Kasparov a 15-year-old pupil of ex-world champion Botvinnik, has just won a tournament ahead of a grandmaster and three IMs. Kasparov's grade for this event was over 250 (2,600 on the international scale), equal to a place in the world top 20 grandmasters; this is the best by a junior since Fischer won the U.S. men's title at age 14 in 1957, and he is plainly being groomed by the USSR as Karpov's eventual successor.

The ambition of all these young players is to become a credible challenger to Karpov in 5-10 years' time. Credibility in international chess comes above all *from results in major tournaments*. So it will be interesting to see how Nigel Short and other talented British juniors perform in the Aaronson Masters now in progress at the Imperial Hotel.

POSITION No. 208

BLACK (11 men)

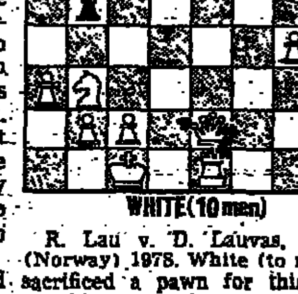


WHITE (10 men)

R. Lau v. D. Lauvas, Skien (Norway) 1978. White (to move) sacrificed a pawn for this fine attacking position, and now forced home his advantage with a surprise coup. What was it?

PROBLEM No. 208

BLACK (8 men)



WHITE (7 men)

White mates in two moves, against any defence (by N. Petrovic and S. Stambuk, Deutsche Schachzeitung, 1978).

Solutions Page 12

BRIDGE

E. P. C. COTTER

THE CHARITY CUP, consisting as it does of selected hands from the past, has a vague resemblance to a Par Contest, and for that reason I enjoy playing in it. I found the following hand particularly satisfying:

N.
♠ 10 5
♡ J 10 6 3
◇ 8 5 4 3
♣ 4 3 2

W.
♠ Q 9 4
♡ K
◇ K J 10
♣ A J 10 9 8 6

E.
♠ A 8 6 3 2
♡ A Q 8 5 4
◇ Q 7 2
♣ —

S.
♠ K J 7
♡ 9 7 2
◇ A 9 6
♣ K Q 7 5

At game all South dealt and opened the bidding with one club, which I in the West seat passed. When North also passed, I wondered how my partner would reopen. To my great delight he made a take-out double, and this was followed by three passes.

An immediate trump attack seemed best, but I thought that the heart King, giving me a look at dummy, would do no harm.

When this held, the three trumps in dummy showed that a trump switch was certainly right, so I played Ace and then Knave. The declarer returned the spade seven, I took my Queen, and led the club ten. South won, and led the Knave *of spades which went to the* Ace.

My partner cashed Ace and Queen of hearts, enabling me to discard a spade and the diamond Knave. Now the two of diamonds from East was taken by South's Ace, and at this point I was able to claim the balance of the tricks—the penalty of 1,100 points gave us a top on the board.

Other Souths who opened with one club were let off the hook, because the East player reopened with one spade instead of a double, and the Souths who bid one no trump were *overcalled by West* with two clubs.

This Cup is played in many parts of the world in aid of various charities — remember this next year, and compete in a heat in your locality.

The next hand was inexpressibly funny:

N.
♠ 10 8 7 6
♡ 5 4
◇ A K 10 9 8
♣ 10 3

W.
♠ A 9 4 3
♡ A 9 2
◇ J 5
♣ A Q 8 2

E.
♠ Q J
♡ K
◇ Q 7 6 4 3 2
♣ J 7 5 4

S.
♠ K 5 2
♡ Q J 10 8 7 6 3
◇ —
♣ K 9 6

I dealt in the South seat at game to North-South. Many would open with three hearts—this is what happened when the hand first occurred in an international match some years ago—but I dislike pre-empting with hearts when my spades are as good as King and two small. So, despite my meagre point count, I decided to bid one heart. West doubled, my partner passed, East said two *diamonds*, and my rebid of two hearts closed the auction.

The lead of the diamond Knave allowed me to discard two clubs on the Ace and King. I continued with the ten; East covered, I ruffed with the heart eight, and West pounced on it with the nine. Now uncertain about his best continuation, he cashed his trump Ace, felling his partner's King, and East's pained expression was most *amusing*.

More was to follow. West then led the two of trumps, and as I still had the three jealously preserved, dummy's four won, giving me access to the table to enjoy the two good diamonds and gather in nine tricks, which, I need hardly say, was a complete top.

Careful play by East in diamonds can rustle up nine tricks, and a tight defence can hold me to seven tricks in the heart contract.

Pearson and the motorist

INSURANCE

JOHN PHILIP

TEN DAYS AGO, after five years spent in deliberation on written and oral evidence and investigation abroad, the Royal Commission, chaired by Lord Pearson, published its report on Civil Liability and Compensation for Personal Injury. *Part of the Commission's brief* was to consider to what extent, in what circumstances and by what means compensation should be payable in respect of death or personal injury (including ante natal injury) suffered by any person through the use of a motor-vehicle.

Expressing a purely personal view, I shall be surprised if *even* 50 per cent. of the Royal Commission's recommendations *are enacted and operative by* the end of 1980. In the House of Commons on March 16 the Prime Minister gave "sympathetic consideration" to the suggestion that before the summer recess, the Government should say what its priorities would be concerning the multitude of recommendations in the Commission's report, but emphasised that proper Governmental study of the report with due consultation might well take *a lot longer than the* coming three months.

According to our present law the motorist is obliged to insure liability for personal injury arising out of the use of his car on the road: this third party liability is unlimited in financial amount and is primarily for the protection of the motorist's road accident victim. But it does not follow from the existence of compulsory third party liability insurance that the injured victim must get some compensation: his right to redress depends on his ability to prove that the motorist has been legally at fault and thereafter his damages may be reduced because his own culpability has to be taken into account. Subject to this, the actual measure of damages is determined by a number of complex legal rules developed by Parliament and the courts.

Contrary to much speculation in advance of the publication of the report, the Commission does not advocate the abolition of fault liability for motor accidents, and it follows that even if the Commission's motoring recommendations are eventually implemented one hundred per cent., we shall all have to continue to buy compulsory motor insurance cover.

But Pearson does recommend the modification, alteration or abolition of a whole range of *our present* legal rules relating to the assessment of liability and the measurement of damages. Among the most important in the motoring context is recommendation *9, that no damages* should be recoverable for "non-pecuniary loss" suffered during the first three months after the date of injury. (Damages for non-pecuniary loss are damages for pain and suffering as distinct from damages for loss of earnings, reimbursement of medical expenses and so on.) If the whole package of legal reform is adopted, says the Commission, the annual injury pay out required to be made by motor insurers, will be reduced by £40m. a year, using 1977 pounds as the yardstick.

At first sight this might argue for some reduction in motor insurance premiums. But the great majority of motorists buy "comprehensive" cover and the proposed changes impinge only on the personal *injury* component of third party liability damages—in 1977 pounds that £40m. reduction is something less than 7½ per cent. of insurers' total claims pay out. If annual inflation continues to run faster than this, as it has done since the late 60s, the Pearson legal package at best would only moderate or defer the net upward rating revisions due after its introduction.

This point apart, private motor insurance would continue very much as at present. But the Commission proposes transferring part of the financial burden of compensating road accident victims from the private and liability sector to a new public no fault fund administered by the Department of Health and Social Security. The Commission considers that the Department should pay motor accident compensation very much on the same lines as it disburses industrial injury benefit to the victims of accidents at work. The Commission recommends the widening of the present industrial injury compensation rules to provide bigger and better benefits and thinks that *when these rules are established*, they should apply to road accidents as well.

While this no fault compensation would come from Government funds, and be payable to victims irrespective of blame or responsibility by any of the parties, the Commission considers that those who cause the risk should provide the means of compensation—so the motoring community, rather than the whole of the tax paying body, should bear the cost. After weighing a number of possibilities, the Commission, with one dissentient, declares in recommendation 112 that this scheme should be backed by an extra tax on petrol: Lord Pearson and others have hazarded that as little as one penny a gallon would be required, in terms of 1977 pounds, to provide a sufficient compensation fund.

Whatever motorists may think of this, the *acceptance of the* proposal would involve a considerable departure by the Treasury from the long established principle of taxation, that tax collected goes into the central coffers, and that no particular part of any tax collected can be earmarked for particular government expenditure. Leaving aside the argument on what is called "hypothecation" of revenue, at one penny per *gallon* the motorist driving a car that does 30 mpg and 9,000 miles a year would contribute £3 to the central fund: the heavier the car's petrol consumption, the greater the mileage or both the more would the motorist pay.

This double barrelled approach to liability damages and no fault compensation is best summed up in the Commission's own words: "Our compensation system should be *looked at* as a whole. Tort should be retained and while the two systems of tort and social security should continue side by side the relationship between them should be significantly altered. Social security should be recognised as the principal means of compensation."

Countdown for exporters

TAXATION

DAVID WAINMAN

IT SHOULD not be difficult to count the days one has spent *abroad in order to see whether* one is entitled to one of the tax reliefs for "exporting," and what proportion of earnings may be exempted. It should not be difficult, but like so much else in tax, it is.

There are two main reliefs—that for 30 days which gives *a 25* per cent. tax exemption, and that for the long absence which provides total freedom from tax on earnings. Long absences do not need to fall within a single fiscal year, but the 30 days do. For each, a day abroad can only be counted if the individual concerned was, to quote the Finance Act's purple prose, absent from the U.K. at the end of it.

For the purpose of the 30-day relief, there are further requirements. The individual needs not only to be outside the U.K. at one minute to midnight, but he must also have devoted himself substantially during the day concerned to the work for which he had been sent overseas. As an alternative, days on which he travelled in or for these devotions can also be counted —but it will be obvious that travelling homewards does not count if home is reached before midnight. *Thirdly*, non-working days spent abroad can be counted into the total if they are part of a continuous period of a week or longer spent abroad, that period having been substantially spent working.

Because it is possible to count in week-ends and statutory *holidays, the Revenue's view is* that the proportion of earnings available for 25 per cent. exemption is the number of days abroad divided by 365. The statute recognises, however, that there may be cases in which this fraction operates unfairly. A man who took off from Heathrow at 7 a.m. each Monday and *returned* at 9 p.m. on Friday for s' months would apparently get 25 per cent. relief on 104/365 of his annual salary, whereas most employers would say that he had earned half of it abroad. The legislation refers to 104/365 as the prescribed proportion, but goes on to say that if it *can be shown* that some larger proportion can be justified having regard to the nature of the duties and the time devoted to them in the U.K. and abroad, and to all other *relevant* circumstances" then such larger proportion can be used. The Revenue quote this verbatim in *their recently* published booklet (I.R.25 (1977)) without giving any indications of the types of case to which they admit it has relevance.

For the longer period abroad which gives total tax relief, the counting of days starts from the familiar absence at one minute to mid-night, but then proceeds *in a radically different direction.* That absence enables the day to count, without any further requirements about its having been spent at work or in travel. Full exemption is given where the individual has a qualifying period of 365 days or more, which is subtly different from *365 qualifying days.*

Days of absence count directly into that qualifying period. What is more, the days spent back in the U.K. between two stints abroad can also be counted in, provided that they fall within two limitations: no period back in the U.K. may exceed 62 days, and nor may the total number of days back here exceed one sixth of the days in the potential qualifying period.

These rules require the individual to look backwards in *time from the end of his second* stint abroad. If he spent less than 62 days in the U.K. between his two periods abroad, and if additionally the days here are less than one sixth of the total, then that total number of days from first leaving to second returning is regarded as a single *period, all of it counting towards* the 365 days abroad at which he is aiming. Similarly, he looks backwards from the date of his third return, asking whether his most recent return was more than 62 days and whether the aggregate number of days in all of his return visits was more *than one sixth.* Until and unless an affirmative answer to one or other question breaks the chain, he can go on adding periods abroad and intervening days in the U.K. towards his target.

The earnings figure on which 100 per cent. relief from tax is available would normally be a *proportion of annual salary* for the years into which the 365-day period fell. However, if there are duties performed in the U.K. in that period as well as outside it, the salary attributed to foreign duties is determined having regard to the nature of those duties, the time devoted *to them, and all other relevant* circumstances—a phrase which has a *familiar* ring about it, being the same words used for a second purpose.

Finally, repealed legislation seems in some people's minds neither to die nor to fade away: but in order to qualify for either of the two forms of relief examined above it is no longer necessary to have a separate foreign contract of employment.

Charges freeze

THE SUMMIT of the Matterhorn cannot compete, for frostiness, with the atmosphere now prevailing between the Unit Trust Association and the Department of Trade. The former reacted in strong terms, earlier this week to the latter's rejection of its pleas for higher management charges; and indeed, after 18 months of toing and froing it's hardly surprising that the D of T's brush-off came as something of a body blow.

It is, however, a fact that if management charges have not risen with inflation, it is largely because the value of the funds under maagement has not done so, either.

Many of the management groups are, of course, spending hand over fist on advertising, and hand over fist, too, on commissions to the agents who bring them in new sales: and that is a consideration that may not have been far from mind in the D of T when the Association's plea for an increase in the annual management charge to a maximum of ¾ per cent. was rejected out of hand. This becomes, however, a circular argument: for many unit trust management companies—particularly those without a large parent, like a clearing bank, to see them through—would argue that they could not survive without the benefit of the front-end loading

As it is, investors may receive widely varying levels of service from differng management groups, though their charges are standardised. For the management groups themselves, there is no incentive in the charges to serve investors well. It's true that the size of a fund may grow as a consequence of their excellence—but it may grow, too, as a result of a rising market, extensive advertising, or heavy payments of commission. Standardising the level of the charges probably reduces the level of service to which investors can look—not only because of the possibility that the minimum investment may be raised to cut out unprofitable smaller investors, but also because as things stand now, some potential fund managers will not come into this business. Surely it would be better to commit the job of checking the greed of fund managers, not to regulation, but to the competition—which is what happens with the life-assurance linked business which has become one of the mainstays of this industry.

Drummond developments

DRUMMOND INVESTORS, the financial services company subject to a winding-up petition, is endeavouring to pay back some of the money deposited with it by investors. In the High Court hearing on Monday, terms were announced for a rescue scheme which would pay existing creditors about 50p in the pound. The case has been adjourned until May 15 to allow the company time to complete arrangements on the scheme for the approval of creditors.

The two creditors who brought the Court action are, however, opposed to the scheme, since it appears to make no provision for payment of costs of the petition. We await further developments.

Meanwhile, investors with Drummond Assurance Society are likely to have their benefits merged with those of the Family Assurance Society, a much bigger friendly society managed by Planned Savings Assurance. This society should be able to offer investors the stability of management charges often lacking in a small society. It should prove a satisfactory solution, if it goes through.

E.S.

A strategy for springtime

BY ADRIENNE GLEESON

A LONG WEEK-END is always a good time to review financial strategy; and this week-end may be better than most because the signs are that we have rising real incomes and a boost to the economy ahead of us at home, and because of the financial and political upheavals which are taking place abroad. Any exercise in financial strategy is, however, first of all a matter of identifying objectives. I have assumed, below, that these fall within three categories: to build up capital through savings from income; to maintain, and if possible increase, the value of capital that is held already; and to use that capital to provide income. Obviously there will be individual requirements to suit individual circumstances: but these are the general considerations that should influence each case.

The savers have an interesting prospect before them, for it looks as though they will have more spare income from which to save, this year, than for some time past. The ground rules, however, remain the same: with any form of long term saving you want to take the maximum possible advantage of tax concessions.

Essentially that means putting the money into housing, pensions and life assurance contracts. By all means retain some of your surplus income as fun money: but it doesn't make sense to try building capital out of income by buying shares, for instance, or growth unit trusts.

With your long-term savings tied up you can, of course, afford to take more risks with your fun money: put the odd few hundred pounds into a specialist unit trust, for example, or a go-go share: maybe put it into options once the new traded options market is functioning. Don't do it, however, unless you're prepared to look after it.

The owners of capital have to grapple with the fact that to those who have much, more problems shall be given. Tax problems come first, of course; but assuming that you've made arrangements to minimise capital transfer tax, how do you invest the money that is left? General principle number one is that equities will retain their value better than fixed interest stocks on a long-term view. General principle number two is that small companies grow faster.

It is true that the shares of bigger companies look better value at the moment, in both the U.S. and the U.K.; but I do not think that the difference is worth doing anything about, unless you have new money available to put in. Since you can afford to take some risks with a proportion of your portfolio, I would suggest 20 per cent. in the U.S., 40 per cent. in the U.K., and—as a general rule—20 per cent. in the high growth economies of the Pacific basin. However, Japan in particular is looking expensive at the moment, so keep that proportion liquid. "Real" assets are the best home for the rest—property, pictures, jewellery, antique cars: whatever takes your fancy. But bear in mind that it will be relatively difficult—and expensive—to sell.

The income seekers have to come to terms with the fact that interest rates may rise a little before they fall again: so they should not tie their money up too firmly. For growth of income it is necessary to have some capital—I would suggest 40-50 per cent. of it—in equities, through an income-orientated unit trust or (if you can afford the low initial yield) one of the investment trusts (see our issue of February 25 for the best performers). That apart, I would suggest that most of the money goes into a National Savings Bank investment account for the moment.

The Woodlanders

LIFE ASSURANCE companies are often urged by trade unions to invest their money for socially useful purposes—a phrase that can mean all things to all men. But now that some life companies have discovered the virtues of investing in woodlands, they have an unrivalled opportunity to do something for the community.

Forests are often, by their siting and nature, areas of outstanding beauty, likely to attract people who enjoy open-air activities. As one who finds relaxation by walking in local woods, I believe that the life companies could provide amenities such as nature trails, car parks and picnic areas in the forests that they own.

Scottish Equitable is one life company recently to have invested in woodland, and one of its holdings is the beautiful Kenmore Forest on the shores of Loch Fyne. But when, at a recent meeting, I put my idea to Ian Henderson, the investment manager, he was not very sympathetic. Investment, he said, was in the interests of policyholders, and his responsibility was to these policyholders. So I suggested that policyholders should have the right to visit the forest; and he agreed that if any policyholder contacted the head office in Edinburgh, he (or she) would be supplied with a letter authorising him to visit the forest.

"All Scottish Equitable policyholders . . . Timber !"

Alastair Robertson, the general manager and actuary, took a line that was much more down to earth. The company had not bought the forest so that policyholders of their rivals, like Scottish Widows, could use it—that was his reaction. But he was looking into the possibilities of using adjoining land for staff purposes, and for policyholders' interests.

It is refreshing to find some awareness of policyholders' interests other than those of a purely monetary nature. As it happens, of course, encouraging policyholders into outdoor exercise may prolong their life span —thereby enabling Scottish Equitable to pay even higher bonuses.

ERIC SHORT

Commissions on assurance

CONSUMERS are getting a better deal from life assurance brokers. This is the message from life company reports this year, which reveal a substantial drop in sales of whole-life non-profit contracts. One major objective in changing the commission rates appears to have been achieved.

Readers may remember that the life companies which were members of the Life Offices' Association, agreed to change the basis of commission payments from a sum-assured to a premium system. Under the former method, the commission paid on whole-life non-profit contracts on young lives could be as much as 300 per cent. of the annual premium. Now the maximum is 90 per cent.

But the major industrial life companies, which sell almost exclusively through agents, kept the sum-assured method in remunerating those agents. Now the Prudential is endeavouring to change the system, and meeting strong opposition from its agents, who are members of an active trade union. The Pearl is believed to have started negotiations with agents, with a view to making the same change. The Co-operative Insurance Society has successfully switched to a premium method.

A woman's worth

LADIES, DO your husbands appreciate your worth? They should do by now, because life companies have been busy pointing out the market value of those services which you provide, by totting up the cost of hiring the labour. It would need an executive-level salary to replace you. The latest company to embark on this exercise is Standard Life. Its literature asks the simple question: could your husbands cope if you were to die—doing the housework, cooking the meals, and looking after the children?

Standard Life is making a practice of boosting your egos. Remember the advertisement a couple of years ago: "You're just turning 31, but sometimes you feel 40. To us you're only 27." Very flattering. But the company is not simply advising husbands to insure.

In these days of liberation, it feels that women need life assurance in their own right, for a variety of reasons. One object of liberation was to free women from the financial shackles of men. This means, *inter alia*, taking out life assurance yourselves. To cater for your particular needs, Standard Life have produced a new booklet, Life Assurance for Women. It is worth reading.

Paying for a pension

WHILE ON the subject of liberation, the new State pension scheme which starts in two weeks' time represents a major chance for women to free themselves from their degrading (in Mrs. Castle's estimation) dependence on their husbands' contribution record for their pension entitlement. The theme of the scheme was that women will acquire pensions in their own right, including the earnings-related addition. Their husbands' contributions will not allow them to qualify for this extra pension. There is just one little snag. They will have to give up paying the reduced National Insurance contribution rate, and pay their full whack. Anyone who feels liberated and wants to get in at the start must inform her local social security office at once. Otherwise she will have to wait until 1979 before starting to acquire pension rights.

ERIC SHORT

Institution/ Tyndall fund	Currency	Quoted	Valuation	Minimum purchase on issues	Initial charge %	Annual charge %	Asset growth over 1 year	5 years
Overseas	$US	—	Weekly	$5,000	5	1	−3.5	
3 Way Intnl.	$US	—	Monthly	$5,000	98% invested	1	6.5	−9.6
Jersey	£	—	Weekly	500 units	5	½	51.8	NA
Gilt	£	—	Weekly	£1,500	1½*	½	12.3	NA
Hambro Pacific								
Far East	$HK	—	Weekly	500 units	3	1½	−11.5	NA
Japan	$US	—	Weekly	100 units	3	1½	5.5	NA
Hambros (Guernsey)/Hambro Fund Managers (C.I.)								
Intnl. Bond	$US	—	Weekly	50 shares	3	1	—	NA
Intnl. Equity	$US	—	Weekly	$1,000	3	1	NA	NA
Int. Savings "A"	$US	—	Weekly	$1,000†	3	½**	NA	NA
Int. Savings "B"	$US	—	Weekly	$1,000†	3	½**	NA	NA

* Discount on larger amounts. † Or regular monthly savings: min. $250. ** Plus 1% charge on underlying fund

Putting cash aside abroad

SO FAR in looking at the offshore funds I have concentrated mainly on those which require quite a high level of initial investment: those aimed at people with capital, or those who have done their savings already. But there are also schemes available, for those who want some vehicle other than the bank through which to make their savings: and each of the two management groups under the microscope this week offers them.

The Tyndall Group has three life assurance subsidiaries through which overseas residents can invest: Tyndall International Assurance, Tyndall Assurance (Isle of Man), and Tyndall Guardian. The latter exists principally to tap the funds of Canadian investors, so let us concentrate on the other two. Tyndall International Assurance offers three forms of investment: a single premium plan (for a minimum investment of $U.S.5,000), an assurance savings plan (for a minimum of $U.S.50 a month), and a regular savings plan (for a minimum of $U.S.100 monthly).

Through these the investor can put his money into one of four dollar-denominated funds: the Equity Fund International (invested in the U.S., the U.K. and the Far East), the Bond Fund International (invested in Eurodollar loans, gilts exempt from tax for overseas residents), Tyndall Commodity Fund (exactly what it sounds), and a three-way fund which invests in the three above.

Now it may be that the investor doesn't want his money in dollars at the end of the day: maybe he's dubious about the dollar: maybe he's just planning to retire to Britain. In that case Tyndall Assurance (Isle of Man) might be a better choice of vehicle for his savings, for it invests into four sterling funds: equity, fixed interest, property, and a managed fund which invests in all three. Again there are three forms of investment available: through a single premium plan (minimum £1,500); through an assurance savings plan (minimum £25 a month) and through a regular savings plan (minimum £50 a month). There are two arms to the offshore services provided by merchant bankers Hambros. One, run by Hambro Pacific out of Hong Kong, offers a choice between a Far East Fund (denominated in Hong Kong dollars), and a U.S. dollar denominated Far East Fund. Both of these are for investors with some capital to tuck away already.

Hambros (Guernsey), however, has a couple of savings funds, confusingly described as "A" and "B," which will for a minimum of $250 a month take you into the group's International Bond Fund, and its International Equity Fund, respectively. The Equity Fund (and the two savings funds) were only launched last November, so as yet there's relatively little to be said about their performance; but the bond fund—which goes into Eurocurrency, mainly dollar bonds—shows respectable growth over the two years since its inception, though there's been very little change over the past 12 months. The Hambros Savings schemes do not provide you with life assurance cover: they're purely an investment vehicle.

Standardising options

LAST WEEK I talked about the broad principles underlying the introduction of a market in traded options—which we now know is scheduled for April 21. This week I am going to take a look at how the market itself will work.

At the moment, if you buy an option—or write one—your deal is with the person or institution from whom you are buying, or to whom you are selling. But all that is set to change in the new market (the traditional market will continue). Within the new market your deal will be, not with the opposite side of the operation, but with the London Options Clearing House. And the size of the premium you pay (or receive), for the right to buy the underlyin gshares at a given price within a given period, will be set, not by the other side of the operation, but by the market as a whole.

Whereas at the moment the level at which the exercise price is set is very much a matter for negotiation by both sides to the deal, that too is going to be standardised. And the dates within which the right to buy the underlying shares may be exercised, will be standardised as well—three, six and nine months ahead for each share, at the start of the new market. In fact there will be two prices at which the underlying shares may be bought within each three-month period: one above, and one below the market price at the time that the option is granted. Those six exercise prices are to be set by the Council of the Stock Exchange.

Let's take an example. Initially it will be possible to trade options (each option giving you a right to buy, at a price, 1,000 shares) in the shares of ten companies: let's suppose that one of them is to be Ko-Ko Company. Now if Ko-Ko's shares were to be standing at 500p when the new traded options market opens at the end of next month, the Council of the Stock Exchange might decide that options could be written at 480p and 520p for each of the three periods, three, six and nine months ahead. So if you wanted to buy an option in Ko-Ko's shares, you would have the following choice: Ko-Ko July 480/Ko-Ko July 520; Ko-Ko October 480/Ko-Ko October 520; Ko-Ko January 480/Ko-Ko January 520. And until the price of the underlying share had moved so much as to make some of these exercise prices look unattractive, that is all the choice that you—and everyone else—would have.

Standardising the product like this means, of course, that it should be possible to arrive at a reasonable price for it.

ADRIENNE GLEESON

GARDENING

Odd job time

BY ARTHUR HELLYER

FOR ALL except dedicated gardeners the year really starts at about Easter. It is not much fun splashing around the garden up to one's ankles in mud, or trying to prune roses and shrubs or divide perennials when one's fingers are numb with cold. So we wait for the sun to climb a little higher and shine a little longer, the soil to dry to a more comfortable consistency and the temperature to become sufficiently mild to tempt us outdoors. It may not be the ideal way to go about it but there is really not much in the garden that cannot be done now with results that will seem entirely satisfactory to all except the most exacting gardeners.

Rose pruning, for instance, about which I wrote in some detail several weeks ago can still be done with complete success in all parts of the country even though in the south and west buds may have started to grow weeks ago and some of the new shoots may already be several centimetres long. If they are well placed on good, healthy stems all about the right height to produce nice bushy plants, simply prune back to them instead of to dormant bunds as the experts always advise. There is really no particular magic about a dormant bud and the only reason one insists on cutting back to it when writing about February or early March pruning is that any shoots that have been foolish enough to grow out as early as that must be at risk from the kind of bitter weather from which we have suffered so much recently. Dormant buds are tougher and more cold resistant than shoots and by the time pruning forces them to grow one hopes that spring will have arrived to stay.

Then there are all those herbaceous perennials which books tell us should be cut down early in November, but are quite likely still untended. If it is any comfort to anybody who did not have time or courage to do this work in the Autumn, I make a regular practise of leaving all old growth until March, partly because I prefer to look at a tracery of dead stems and leaves (my jobbing gardener thinks me mad) than at bare soil but also because, in my very cold part of south-east England, I think the old stems do give the crowns and roots some measure of protection. But now, of course, they must go, cut off with secateurs or shears, which ever is more convenient, or with one of the excellent battery operated trimmers that are now available and make short work of this kind of light pruning.

Big clumps of herbaceous perennials may need to be divided but it is certainly not necessary to dig up the lot as we used to do when there were professional gardeners galore. A good many perennials will grow quite happily for years in the same place and will be all the better for not being disturbed. This is true of peonies, hellebores of all kinds (Christmas and Lenten roses and the statuesque Corsican hellebore among them), hostas, bergenias, Japanese anemones and day lilies (hemerocallis). Some perennials go rambling underground and may need to be restrained if they are not to take over the whole garden. However one can do this without lifting them bodily. All that is required is a sharp spade to chop through the trespassing outrunners.

Acanthus and Euphorbia Fireglow are two that constantly need such attention — physostegia and alstroemerias of all kinds also wander far and wide if they happen to like your soil and climate. They are not easy to restrain since their white roots are brittle and may be a good six inches down in the soil. Clerodendron bungei, which is really a shrub but in cold gardens like mine behaves like a herbaceous plant, also runs considerable distances, sometimes popping up unexpectedly on the other side of a path or lawn. Occasionally these wanderers are welcome: more often they are not and must be suppressed.

The perennials that really benefit from fairly frequent digging up and division are those that make matted clumps. Many of the daisy family do this, michaelmas daisies, shasta daisies (Chrysanthemum maximum), erigerons, heleniums, perennial sunflowers (helianthus), rudbeckias and heliopsis among them. The inner parts of each clump quickly become starved and more or less useless, leaving the outer portions to carry on. This looks unsightly and it is not the way to get the best results. At least every second year the plants should be dug up, split into small pieces and only the younger outside portions replanted. Each division must have roots and at least one good growing shoot. Several such pieces can be replanted quite close together, say 10 to 12 cm (4 to 5 inches) apart, to make a new plant quickly, and grown this way the quality of the flowers will be greatly improved. Surplus divisions can be replanted elsewhere or given away to friends and relations who have gardens to stock. Swopping treasures is always one of the special pleasures of gardening.

This is an ideal time to prune purple buddleias and the hardy white flowered Hydrangea paniculata. Both can be cut back really hard if there is not room for fairly big shrubs. Buds on the buddleia are sure to be breaking now, producing new clusters of leaves which indicate at a glance just where growth can be induced by pruning and the thing to do is to shorten each branch to such a leaf cluster a few inches from its base. The hydrangea starts growing later and most buds are probably still dormant but it is quite safe to shorten each stem to 50 to 75 mm (2 to 3 inches).

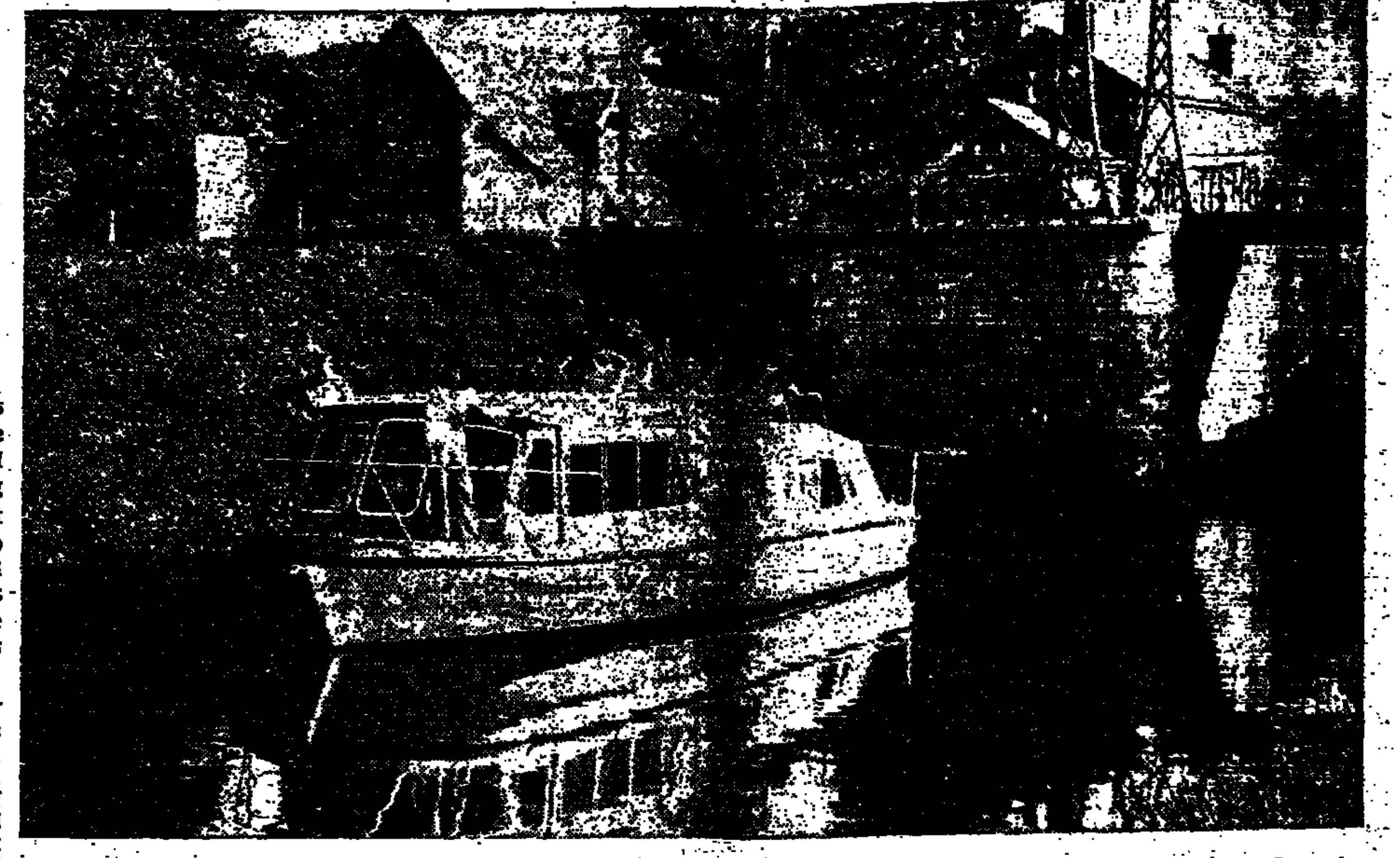
Caryopteris, the late flowering shrub sometimes called "blue spiraea" can be cut back hard in the same way and outdoor fuchsias should be pruned almost to ground level.

Finally the lawn is sure to be in need of attention. That is a matter I will deal with more fully another week, but if you plan to give a first cut now, set the mower blades at least 25 mm (1 inch) above ground level and give the lawn a good raking first. After mowing give a top dressing of any good compound fertiliser but not too much. If you use National Growmore, which is usually the cheapest to buy, 100 grammes per square metre (3 ozs per square yard) will be quite enough.

TRAVEL

Slowly through France

BY PAUL MARTIN



OWNERS OF sea-going cruisers have occasionally made rude remarks about some craft used on inland waterways, dismissing them as floating caravans, but the Caribbean class, familiar to those of you who have cruised on our own inland waterways and now frequently seen on the French canals, are ideal boats for the job.

You need no previous experience as someone will run through the controls with you and the rest is plain common sense. With a pleasant sense of space in the ample sleeping and living quarters, you can chart an easy course and really wind down as you phut-phut along at about 4 mph. If you are in a desperate hurry, you can always walk along the towpath and let the boat catch you up at the next lock!

Even so there are marked differences between the French canals and our own, as I found out when a party of us set out in two boats from the Blakes' base at Vermenton on the Canal du Nivernais near Auxerre and about 100 motorway miles south of Paris.

The canal is delightful, wider than ours and there was little commercial traffic. It meanders its way through a countryside typical of rural France at its best. The straight and stately poplars seem to be marching alongside you as a fitful autumn sun, filtering through the branches, creates a dappled light on the water.

You can moor up along the banks as long as you keep clear of the approaches to the locks, all of which are manned.

We found the lock-keepers, male and female, bucolic but most helpful. They expect you to lend a hand and, with a Roi de Bourgogne, remember that you are manoeuvering a craft over 40 feet long.

Locking is a good deal easier with a minimum of three aboard and, even if you take it in turns, there must be a skipper at the helm. It is then just a question of nosing in gently to the furthest lock gates and then putting her full astern, then into neutral, while the matelots deal with the ropes.

Although children are enthusiastic crew members, they should always wear the buoyancy jackets provided and the lower rungs of the steep lock ladders can be very slippery. The locks are nearly always connected by telephone so tell the lock-keeper if you plan to tie up before you reach his colleague. Locks open from early morning to around 7.30 p.m. but tend to close about 6 p.m. early and late in the season.

The Irish vary the Holy Hour but the period between noon and 1 p.m. is sacrosant in France. Everything stops for lunch so just follow their excellent example.

With a party of ten on the two boats, we turned the bigger saloon on Roi de Bourgogne into a combined dining and sitting room. After settling in for the first night, one of the ladies offered to collect croissants for breakfast from the nearby village bakery. In the event a small procession, all with a fresh air kick and determined to do our own thing, set out in the hazy sunlight of a September morning. No croissants ever tasted better!

Shopping is great fun but we did eat ashore in the evening. With a kitty of around £2 per head per day, we breakfasted and lunched superbly on board, trying out the local charcuterie, plenty of salad and a profusion of cheeses. The wine flowed liberally and, whether at Mailly-la-Ville or, later, at Châtel-Censoir, always found time for an aperitif.

The weather in late September was generally pretty good with the sun breaking through fitfully on misty autumn mornings with the promise, later confirmed, of real warmth by noon. It was then nice enough to sit out on deck and we generally tied up for the evening by tea-time.

The alternating sections of canal and the River Yonne made for variety as we pottered on past the strangely distorted rock formations at Basseville and the imposing Château de Faulin, watching the buzzards and the occasional kingfishers in a relatively unfamiliar region of rural France.

It was in the attractive town of Clamecy that we discovered the Boule d'Or restaurant in the unlikely setting of a deconsecrated chapel complete with a vaulted roof. We had a quite excellent dinner for under £4 a head and sometimes paid less at smaller places en route.

Blakes, pioneers on the Norfolk Broads, are now the biggest hire-fleet operators in France with inclusive arrangements in Brittany, the south of France, and in Burgundy. Cox and Kings offer other inclusive holidays on the French waterways.

You can take over a Blakes' boat on the Canal du Nivernais on either a Monday, Thursday or Saturday and either simply hire a boat or book a complete package, which includes car and passenger transport for the party, either by Sealink or Townsend Thoresen. With a party of five, a week's complete package costs £64 per person in the low season which runs from April 1-May 26 and September 18-October 12. The boats are fully equipped—the majority have showers—and all fuel is included.

I found a few days pottering along the Canal du Nivernais a relaxing and marvellous way of getting away from it all. Come to think of it, we never did meet that fierce chain-smoking lady lock-keeper about whom we had heard so much. Was she perhaps a figment of someone else's imagination?

ADDRESSES:

Blakes Holidays, Wroxham, Norwich NR12 8DH. 6053-3221 or 3326 Cox and Kings, Vulcan House, 46 Marshall Street, London W1V 2PA (01) 734 8291. French Government Tourist Office, 178 Piccadilly, London W1V 0AL (01) 493 3171.

Your Week-end £: Austria 27.25, Belgium 59, France 8.67, Italy 1,585, Greece 66.50, Spain 148.25, Switzerland 3.57, U.S. 1.89. Source: Thomas Cook.

HOLIDAYS in South Africa

Room to move

BY ROBIN MEAD

SIZE IS what many British visitors are aware of first. As we dipped towards Johannesburg the pilot of my jumbo flight from London pointed out the swamplands of Botswana below—and even at 600 mph it took us half-an-hour to cross this wet, deserted wilderness. In South Africa itself the deserts, the beeches, the roads, and even the farmlands seem to stretch for ever.

It is not so very long since only animals roamed here on the High Veld, 6,000 feet above the sea; now suburbia (and the world's highest concentration of private swimming pools) spreads rapidly outwards and threatens to link Johannesburg with Pretoria, 30 miles away.

From the rooftop bar of the Carlton Hotel one gets a bird's-eye view of this extraordinary mining town—and by the swimming pool one can also burn quickly in the deceptively strong sunshine. There is a good variety of night life in the city during the week, and shopping and hotels are excellent. I particularly liked the Landdrost Hotel, which is used by several inclusive holiday operators.

More luxury is to be found on the famous "Blue Train," which links Pretoria and Johannesburg with Cape Town, more than 1,000 miles to the south. Although geography and the narrow gauge track combine to make it a slow journey with the train averaging only 40 mph during the 25-hour trip, it is certainly a comfortable one.

Only 108 passengers are carried on this all first-class train, and they are looked after by a staff of 26. During lunch in the roomy restaurant cars, with their extensive international menus, you cross the farmlands of the High Veld; coffee in the lounge, a sleep, a shower, and you are in Kimberley; and then it is time for drinks in the bar and dinner as the train starts its crossing of the empty desert land known as the Karoo.

Individual compartments (or even suites) convert into comfortable bedrooms, and the double-glazing and air conditioning ensure the kind of night's sleep that British Rail never dreamed of. By the time you are woken with a cup of tea and —magically—a morning newspaper you are in the beautiful Hex River Mountains just north of the Cape. "If we went any faster," explains the conductor, with unanswerable logic, "you would miss all that scenery."

Below the mountains Cape Town sizzles in the sunshine, complacent in the knowledge that it must have the most dramatic and picturesque setting of any port in the world excepting, perhaps, Rio. Not surprisingly the best view of the Cape is from the 3,500 feet summit of Table Mountain—a spot to which a cable car will whisk you.

Table Mountain, one discovers is not nearly as flat on top as its outline suggests, and you need to clamber around to find the best viewpoints. At one spot an engraved map helpfully points out the direction and distance to the world's major cities (London: 5,958 miles to the north).

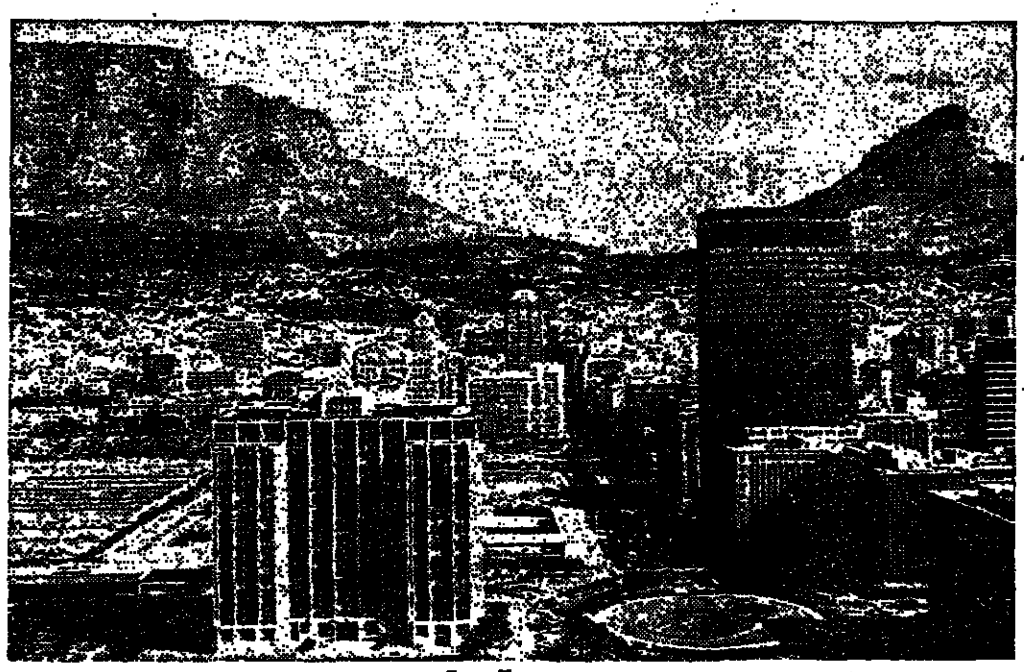
But, as well as the port itself, the 30-mile long Cape peninsula is worthy of exploration. I drove down the coast past the mountains called the Twelve Apostles (in fact somebody miscounted; there are only 11 peaks) and past the coves known locally as "the Bikini Beaches" because, allegedly, it was here that well-known item of bathing apparel first made its appearance. People who believe that these beaches are still trend-setters may care to note that one of them is now being used by naturists.

Turning inland one reaches the museum and vineyards of Groot Constantia, where a Cape Dutch-styled farmhouse gleams whitely at the end of an avenue of oaks, and doves purr insistently in the trees.

The past grandeur of this area continues into the present in the imaginatively-planned national botanical gardens at Kirstenbosch where, in the spring, the protea or sugarbush, South Africa's national flower, swamps the mountainside above more formal beds of indigenous plants. It is a quiet and lovely spot.

Cape Town itself, however, is far from quiet. There are no cruising taxis, and getting to or from a beachfront hotel can be difficult. It is best to stay centrally, perhaps at the magnificent Mount Nelson, South Africa's most famous five-star hotel, which stands in its own grounds and is known irreverently to its regulars as the "Nellie."

After Cape Town, South Agrica's most famous seaside resort is undoubtedly Durban, and to make the 90-minute flight there from Cape Town is to travel from a Mediterranean climate to the tropics.



Cape Town

For, although it is a vast, modern city, Durban is right on the edge of African Africa. To the south, the pineapple farms stretch as far as the eye can see; to the north, the green, rolling hills of Zululand are only a 30-minute drive away. In Durban itself the colourful rickshaw boys parade in search of customers and cameramen, while tribeswomen sit in the scorching sun and with movements almost too fast for the eye to follow fashion tiny multi-coloured beads into bright, cheerful souvenirs.

Durban's golden beaches are, of course, internationally famous, although it is important to swim only at the marked spots because the Indian Ocean surf has a powerful and dangerous undertow which can sweep even unadventurous paddlers off their feet. The city is also an exciting centre for touring in a hired car—the roads are good, uncrowded, and South Africa drives on the left.

Indeed, the problem about a holiday in South Africa is not deciding how to spend your time—it is deciding how to cram in everything that you want to do. The country's claim that it is "a tourist paradise" is hard to dispute despite the political problems, and there is an awful lot to see.

One would not want to miss Pretoria, the country's administrative centre and a bright, clean, modern city. The forts which once surrounded Pretoria are being turned into museums in which relics of the Second World War mingle strangely with turn-of-the-century stuff, but at least an effort is being made to preserve the past. Pretoria's pride is the Voortrekker Monument where, in a peculiar, semi-religious atmosphere, the saga of the Great Trek—one of history's most dramatic journeys—is told in a sculpted frieze.

To see monuments like this is to start to understand the enigma of South Africa to-day.

White rhinos

How to get there

BRITISH AIRWAYS and South African Airways both have daily flights between London and Johannesburg, and return fares outside the main season start at £250—an Apex fare which means booking and paying for the flights three months before departure. South African Airways also fly non-stop between London and Cape Town once a week (from £332.50 return).

Inclusive holidays start at about £380 for two weeks in Johannesburg (Sovereign Holidays), and include a number of attractive tours designed to show visitors as much as possible of the country—such as a two-centre holiday in Johannesburg and Cape Town (two weeks from £470; Speedbird); a 16-day holiday which incorporates a one-week "Swazi" tour (from £607; Rankin Kuhn); and a 24-day "Safari" tour which includes visits to game parks and most of the country's principal sights (from £795: Sovereign Holidays). South African Airways (251 Regent Street, London, W.1) can also advise on "made-to-measure" packages.

The sea link between Britain and Cape Town was cut when Union-Castle ended their regular passenger services, but a Cornish company, Curnow Shipping, plans to restart it shortly using a 3,000-ton converted Canadian freighter called the St. Helena. The round voyage from Avonmouth will take eight weeks, and single fares are expected to start at £450-£500. The 23,000-ton Karageorgis Lines ship Navarino will also cruise to South Africa from Britain next January.

Details: South African Tourist Association: 13 Lower Regent Street, London SW1Y 4LR.

Games in the park

IT WAS, I felt, rather like something out of a television "big game" spectacular, as the beautiful blonde white huntress and I sped across the plain in search of the huge bull rhino which, just a few hours earlier, had suddenly departed from its pen (made of tree trunks) in the camp compound.

Occasionally we stopped: once to watch a herd of decoratively-striped zebra, another time to say hello to a friendly giraffe which let us approach to within arm's length and gazed loftily down at us with soft brown eyes. "Always stand so that there is a bush or something between you and the giraffe, however friendly it looks," said the white huntress, prosaically. "One kick would kill you."

The warning brought me down to earth again. I was not an intrepid explorer, but a passenger in the extremely uncomfortable rear portion of a Japanese-made truck jolting over the veldt; the beautiful white huntress was not a film star, or even a huntress, but the wife of one of the wardens at Hluhluwe, a game park in the South African province of Natal. And the rhino was not a rogue beast which had escaped, but a specimen from another park which was being deliberately introduced into Hluhluwe to increase the herd.

We were lucky. Of the dozens of parties out in the reserve that day, we were the ones who witnessed the dramatic moment when the giant bull met up with the rest of the herd. He crashed through some bushes and suddenly came face to face with them — another hefty white rhino bull, a smattering of his womenfolk, and one tiny calf.

The bulls peered at one another short-sightedly for long minutes, approached, and experimentally tried to shoulder one another aside — an action which the game warden's wife described as "playing" but which still shook the ground where we sat 100 yards away. "Eventually they will fight, and perhaps divide the cows," said my guide. "But not yet."

A party of hikers, led by an African armed only with a stick, came and watched the rhinos with us as the animals jostled each other like runaway juggernauts on a motorway. I politely declined an invitation to join the walkers as they set off back to camp via the swampland below us, and we stayed a little longer.

The rhino calf charged us half-heartedly a couple of times, watched proudly by its doting mother, but stopped whenever it got near the truck, as if overcome by its own temerity. Eventually mama got tired of the game, and chased us ignominiously away. When several tons of rhinocerous is charging towards you at full speed you don't stop to argue—even if you are in a truck.

It was just one afternoon in one of South Africa's many game parks—an afternoon of absorbing interest, unbelievable colour, and occasional heart-stopping excitement. And if smaller game parks like Hluhluwe do faintly resemble a huge open-air zoo, it is all part of the equation which makes conservation work: the wildlife attracts tourists, and the tourists provide the money to protect the wildlife.

This is an equation which worries many experts. They feel that in many parts of the world wildlife is becoming too dependent on tourism and may consequently suffer if, for example, political or economic troubles reduce the number of tourists.

In fact it dates back more than 300 years, to the days in the 1650s when the Cape of Good Hope's first colonists engaged in an orgy of hunting which threatened to wipe out all the game in the Cape area. In 1656 the colonists' leader, Jan van Riebeeck, acting on behalf of the Dutch East India Company, promulgated South Africa's first game laws—and also set aside as a preservation area the flower-filled slopes at the foot of Table Mountain which to-day comprise the justly-famous Kirstenbosch Botanical Gardens.

It was a precedent which other national leaders were to follow as the colonists spread across the country, and which culminated in the setting up of the Kruger National Park, an area the size of Wales, in the extreme north-east of Transvaal 80 years ago.

To-day there are eight nationally-owned game parks in South Africa, and literally dozens of state-owned parks. And, although they are a tremendous tourist attraction, the authorities insist that the parks' principal role as conservation areas should be given priority. A request that the hutted encampments which visitors can use in the Kruger National Park should be equipped with swimming pools was recently turned down on the grounds that the park was not a holiday area.

The conservation laws are backed by harsh penalties, and anyone caught taking a pot-shot at a rare animal, or even picking a protected flower, faces the confiscation of his car, a heavy fine, or imprisonment.

Fears that the establishment of native "homelands" may affect the game parks—particularly in areas like Zululand, in Natal, where the elimination of the tsetse fly has turned the game parks into good prospective farmland—seem unfounded. The Zulus are pledged to protect the game reserves and have also pointed out, rather dryly, that it was white settlers armed with guns who created the need for such parks in the first place.

The National Parks Board go even further. The game parks will, they say, be preserved "at all costs." And that is good news for anyone who has toured the magnificent Kruger National Park, the 19,000 sq. km. of bushland which attracts thousands of visitors every year on everything from flying Comair day trips out of Johannesburg to fortnight-long photographic safaris.

You need time in the Kruger National Park, because of its sheer vastness. The animals are harder to find than in the smaller parks, especially if the weather is wet and they have no need to use the strategically-placed waterholes, but there is none of the specialisation that the smaller parks are going in for. This is the real thing—the real South Africa.

And it is going to stay that way. As a National Parks Board spokesman said: "Of course civilisation will creep nearer to the park. But it will never get inside—not even if they find gold there."

In South Afrca, sacrifices do not come any bigger than that.

MOTORING

GOLF

Flagship of the fleet

BY STUART MARSHALL

FROM CALAIS to Geneva is almost 500 miles. if you take the autoroute as far as Macon and then the 65 miles of juggernaut-infested road through Bourg-en-Bresse and Nantua.

It is not a difficult run. In summertime, if you catch an early ferry from Dover, the whole trip can be completed in daylight. But in February, the first Townsend boat left at 9 a.m. and French time was still an hour ahead of our own. So, as I drove out of Calais, fortified by a breakfast of Edwardian grandeur taken in the restaurant of Free Enterprise III, the time was close to mid-day.

Seven hours, 445 miles and a snack lunch later I pulled into a motel at Macon. I was feeling so fresh that the only reason I had not driven straight on to Geneva, was that, with the Swiss franc a little over 3.50 to the pound, one doesn't lightly spend even one extra night there.

The car that had carried me and my three passengers so swiftly and comfortably along a rainswept autoroute was a BMW 733i.

This flagship of BMW's saloon car fleet is powered by a 3.3 litre, six-cylinder engine with fuel injection and an output of 197 bhp at 5,500 rpm. Most British buyers in this price class prefer automatic transmission, but my car had a four-speed manual gearbox. In every way, the big BMW epitomises driving pleasure. It sets a standard of luxury-cum-efficiency that most other cars at the top end of the executive market would be hard put to it to equal, let alone surpass.

The 733i is a supremely good car for long distance driving. High gearing makes it long-legged, giving 70 mph at 3,000 rpm and the rev. counter is only just past the 4,000 mark at 90 mph. Engine noise at this kind of speed is just a muted hum though wind roar (mainly caused, it would seem, by the big outside mirror) is starting to make itself heard. But it is not really bothersome and is no louder at 100 mph, which is a practical day-long cruising rate on the autobahn, with another 25 mph or so in hand.

Third gear is good for an easy 80-85 mph without getting anyway near the recommended 6,400 rpm rev. limit. I took the BMW up to 80 mph in third now and again to dust off a line of trucks, but the engine is so muscular in top from 45-50 mph upwards that petrol-wasting high revs are rarely necessary. This flexibility, combined with a slick gearshift and light clutch, also makes the 733i an effortless car to drive in traffic.

I began the trip by telling myself I would stick strictly to a 75-80 mph cruising rate on the autoroute but gradually my speed crept up. The temptation to hold an illicit 95-100 mph on deserted stretches takes a lot of resisting. And it needed iron control, too, not to use this kind of cruising speed on some of the arrow straight, eerily empty "D" roads to the east of the Autoroute du Soleil.

This can hardly be called economy-conscious motoring, yet the BMW was surprisingly light on fuel. Overall consumption for a 1,257-mile round trip, consisting mainly of fast open-road driving but with some local running in and around Geneva, was a frugal 22.63 miles per gallon. Filling the tank once the reserve light starts flashing takes 73 litres (16 gallons). That costs 175 francs (a few coppers under £20) which makes one realise just how cheap British petrol is on the European price scale.

The BMW's ride is really excellent. The all-independent suspension is soft enough to let the car flow over cobblestones and frost-broken minor roads but innocent of any sogginess. On winding roads the big car simply goes where you point it and the power assisted steering offers an ideal compromise between lack of effort and retention of road feel. The Michelin XDX tyres are more shock absorbent than some high-speed steel-belted radials but have quick steering response and gave not a moment's anxiety on roads streaming with water. The BMW, for all its 16 feet overall length, combines the nimbleness of a small car with the sheer comfort of a limousine.

BMW's flagship—the sleekly styled and superbly mannered 733i.

At first the cloth trimmed seats felt firm but they kept all aches and pains at bay during 500-mile daily stints for driver and passengers alike. Legroom is generous for rear passengers and the boot is enormous. Not only did it swallow four people's luggage: there was room to spare for two dozen bottles of red Bordeaux that were too good a special offer at the *hypermarchè* to pass up.

The layout of instruments and minor controls is ergonomically impeccable: whatever you need is within fingertip reach and everything works with a delicate smoothness. Barring a token strip of make-believe wood veneer, the BMW's interior is all of black plastic mouldings of such high quality they make those in lesser cars look pretty rough by comparison

Standard equipment includes a test panel for push-button checking of things like oil, water, brake fluid and screenwash reservoir levels before you drive off in the morning. The exterior mirror is electrically adjustable; there is a central door locking system; the heater fan has six speeds; and there is even a first-aid kit concealed in the rear seat armrest.

At £12,149 the BMW 733i is in a fairly rarified price class and beyond the reach, alas, of most of us. But a 1,250-mile drive in one shows where the money has gone and proves once again that with cars, like everything else, you get what you pay for.

A legend in his spare time

GOLF

BEN WRIGHT

PERHAPS THE MOST endlessly fascinating aspect of the game of golf at all levels is the way it comes and goes from one's reach with each successive day, in most cases luring the unfortunate victim back for more. Whether the next dose will provide elation or exasperation is always open to suspicion. I have lost count of the times I have felt completely ready to play the game of my life, only to hit the ball to all quarters of the compass instead of in the intended direction. Nor am I alone in having played some of the best golf of my undistinguished competitive career when feeling physically least ready so to do.

But that is golf at the basement level. It is far more disconcerting, or interesting if one is a mere hacker with a sadistic turn of mind, when the proven great golfer suddenly finds himself absolutely divorced from his ability to score. There have been countless examples of this type of tragedy down the years. But I am not referring to the golfer who has been around so long at the top that his nerves eventually betray him on the putting green, and makes a frenzied lurch at the ball whenever he is within virtually arms-reach of the hole. The unfortunate victim of fate to whom I am referring is rather he who loses his game almost overnight.

A touching and dramatic moment occurred at the monstrously difficult Sawgrass course near Jacksonville, Florida, last week during the Tournament Players' Championship which perfectly illustrates the point I am trying to make. The U.S. Masters and Open champion, Tom Watson, started the season as if he was intent on making Jack Nicklaus a back number once and for all. He won the first tournament of the year at Tucson, tied for 17th in Phoenix the following week, then won the Crosby and was joint 11th in defence of his title in San Diego.

In Hawaii he slumped to a share of 23rd place, but immediately redeemed himself with a fifth place finish in the Bob Hope Desert Classic at Palm Springs, pocketing a cheque for $9,225 on February 13 that took him to a total for 1978 of $103,181. Since then he has not won a cent, missing the cut both in Doral and Sawgrass.

Watson's current minor problems, however, are tiny in comparison with those being endured by Johnny Miller. Since he won the U.S. Open in 1973 to establish himself as a household name, Miller set an all-time record money-winning figure in 1974, when he amassed $353,021. He won eight times in America that year, and four the next when winning $226,118 for second place to Nacklaus in the money list. In 1976 he won but twice, but still took home the tidy sum of $135,887 for 14th place. Last year, though, Miller finally learned, as he frankly admitted, that he could not continue without working at the game. Two second place finishes enabled him to gross $61,025 for 48th place in the earnings table

This season has been a total disaster for Miller. He won $325 in Tucson, $4,200 in San Diego when tying for 11th place, and $565 in Los Angeles. A total of $5,090 leaves him languishing in 88th place in the money list. But Miller has won the Heritage Classic twice in 1972 and in 1974 here at the incredibly beautiful Harbour Town links on Hilton Head Island just off the shores of South Carolina. So one expected him to be here again this week.

It is common knowledge that Watson goes to the legendary Byron Nelson in Texas for guidance whenever his game goes sour. Apparently Miller received an airmail letter at Sawgrass, when yet again failing to make the cut, from Nelson saying that he felt he could help him.

Watson's performance here this week will be watched with interest in view of his much-awaited clash with Nicklaus in defence of his Masters title at Augusta two weeks hence, which will be seen live by satellite on ITV. This confrontation is already being built up to such proportions by writers who should know better as if no one else in the field is in with a chance.

This is ridiculous, of course. But when Watson won our Open Championship in epic fashion from Nicklaus last July at Turnberry, he paid Jack a compliment that I believe is the chief reason why Nicklaus has managed to fight off potential usurpers for so long. Watson said at the time that Nicklaus is not necessarily the greatest striker of a golf ball of all time but he is probably the best ever at golf course management.

Fans of Ben Hogan might disagree with this viewpoint. But Nicklaus in his present rich vein of form is establishing a mental supremacy over even his nearest rivals that is quite awesome. There was a time not so long ago when the young lions here were roaring their defiance, stating regularly that while they respected Nicklaus they were certainly not afraid of him. Such roars are more like whimpers now, if they can be heard at all. It is almost unbelievable that it was as long ago as 1963 when Nicklaus topped six figures in dollars in a season for the first of 16 in succession—but never before now in four tournaments. As Chi Chi Rodriguez said recently, "Jack is a legend in his spare time"

The tide turns for Cambridge

THE BOAT RACE

MICHAEL DONNE

WHILE OXFORD MUST still go to the stake-boats as the marginal favourites for this year's Boat Race, despite problems with sickness this past week, it is now clear that they will have to work hard to achieve the hat-trick of victories they desire. Al Shealy, their anchor-man at six and an American world champion oarsman, suffered a recurrence of stomach trouble in the middle of the week, and was out of the boat. The crew still hopes to be able to clude him to-day, but any rearrangement at this late stage must weaken Oxford's chances of success. The only compensating factor is that Cambridge this past week have not shown any last-minute flashes of brilliance, either, especially in the difficult conditions prevailing on the Tideway, and much must now depend upon the weather and water conditions to-day.

The Tideway can be a fractious and cruel place, with swift and unpredictable changes of mood. A race can start at Putney in appalling bad water and finish at Mortlake in smiling sunshine—or the other way round. Earlier this week, in one outing, both crews experienced first, near-sinking conditions and then record-breaking conditions, such is the freakishness of wind and stream on this twisting reach of the river. It does not take long for combinations of wind and wave to knock the stuffing out of the fittest and strongest oarsman, quickly exhausting him and reducing a once-cohesive crew to a shambles.

If the weather is moderate, however, with a light wind and comparably unruffled stream, it seems likely that victory will go to the crew that can establish a lead before the end of the first mile, and certainly by Hammersmith Bridge — by which point the outcome of the race is so often settled. Oxford, as the lighter crew, have shown that they can get away very fast and cut through rough water well, even when rowing with a substitute.

Andy Michelmore, the Australian lightweight champion who is this year's Oxford stroke, is a formidable fighter who can be expected to keep his crew tightly knitted together. Earlier this week they showed that they were responsive with a strong and powerful stride.

The Cambridge crew, with five of last year's crew rowing again this year, led by Mark Horton, their president, in the number four seat, start as underdogs determined to prevent a run of Oxford victories. Their performance in final practice has not pleased the tow-path pundits, but this does not appear to have worried the crew.

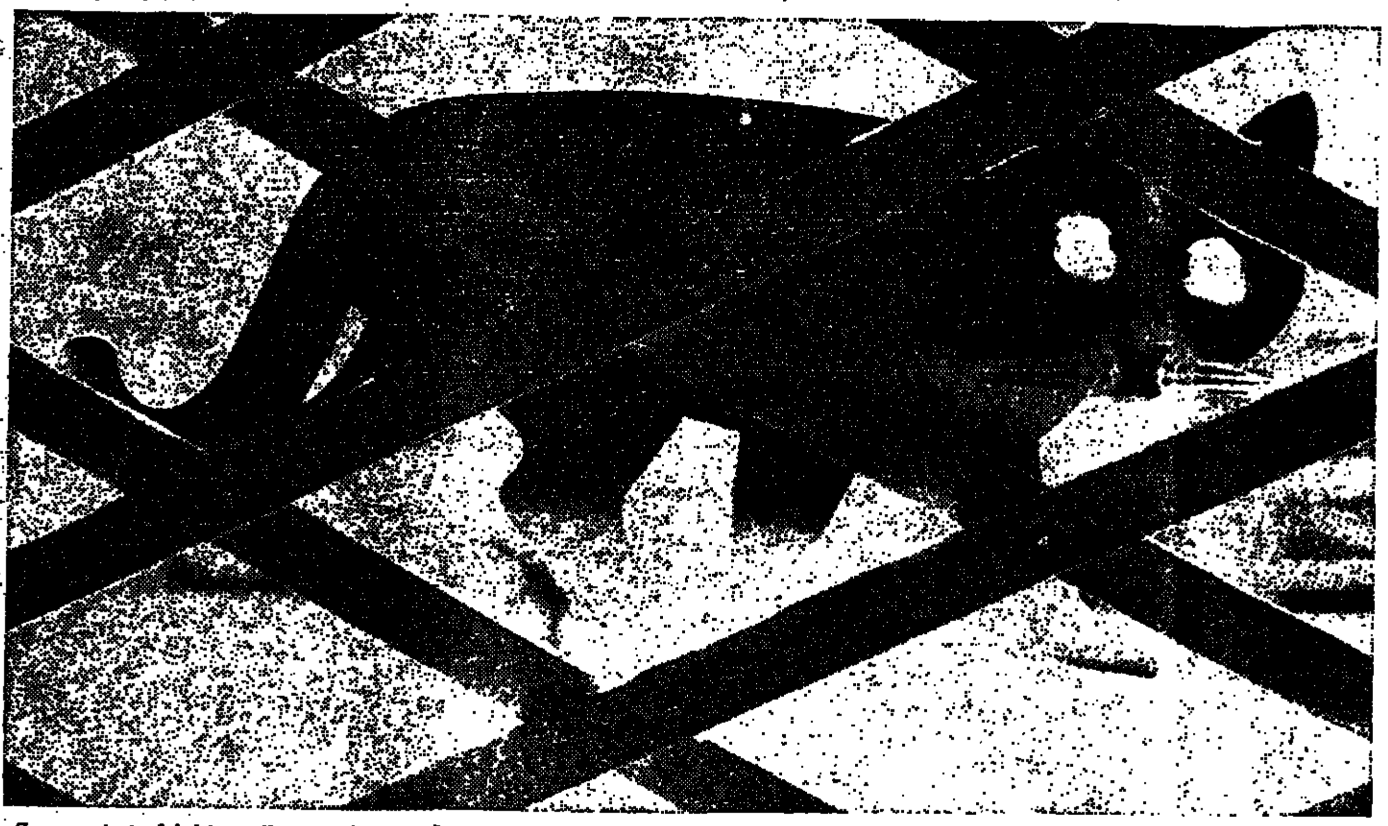
For the Boat Race is more than a battle of brute force between two superbly-trained crews. It can be won or thrown away by a combination of many factors—including the skill of the cox in mastering the Machiavellian tricks of the Tideway; the experience and stamina of the oarsmen and their own compatibility of temperament: the ability of a stroke to coax his crew to the final stages of exhaustion in pursuit of victory, especially under difficult conditions and especially winning the toss so as to claim choice of station, with Surrey generally favoured by crews aiming for a quick lead or when conditions are rough.

HOW TO SPEND IT

by Lucia van der Post

Allo, Allo, Paris!

It's a long time since I was in Paris in the spring but now that the pound is rising, the sun is shining (some of the time) and we all feel a bit more expansive it seems a good moment to take a look at what has happened since last I was there. I asked ARIANE CASTAING, who used to live in England and now divides her time between Paris and the Touraine to guide us on what to see and where to go and what to buy. She has mentioned few of the obvious tourist "musts" (any guide book will give you those) but has concentrated on the slightly more out-of-the-way ideas, the sort of places that only the Parisian knows about. Her husband, the Paris-based photographer, JACK NISBERG, took the pictures.



Scary cats to frighten off marauding birds, made from tin with glittering eyes. Frs.15 from Despalles, 76, Boulevard St. Germain.

PROMENADES

ALWAYS there are the quais with the *bouquinistes* above and the eternal Seine below. Bargains are still to be had in old engravings, magazines, books and posters. On the Quai de Conti just before the Pont Neuf there's a *bouquiniste* who sells reproduction postcards of naughty ladies from the Belle Epoque. Keen collectors, and thus rocketing prices make these reproductions seem reasonably priced (Fr.1).

The Marché aux Puces is for the *très courageux*. Open Saturdays, Sundays and Mondays. Get there early if you want to find a bargain but the passing pageant is worth a visit anyway. The wasteland in front of the stalls of *antiquaires* and *brocanteurs* (second-hand dealers) is full of clothes—both old and new: everything from granny nighties and '30s slips to punk gear. A paradise for the young and energetic—but walk you must, so wear something comfortable.

The city of Paris is going all out to create little (almost) pedestrian-only streets — and they are charming. The rue St. André des Arts which runs from the busy Buci market through to the Place St. Michel is one well worth exploring and the front of Notre Dame, now pristinely paved to hide an underground car park, has suddenly turned into a sort of student campus with all the accompanying improvised concerts from bearded guitarists and tired young tourists.

Naughty ladies from the Belle Epoque—from a series of reproduction postcards selling at Fr.1 each from a bouquiniste, Quai de Conti.

But the newest outdoor space for strolling is around the Centre Beaubourg (or commonly known as the Centre Pompidou) which has become as absorbed into the life of everyday Paris as is the Jardin Luxembourg. There is a whole crop of new galleries and specialist boutiques and many old cafés. Astonishing though it is in daylight, the Centre Beaubourg is at its best at dusk as the lights come on, the boutiques close up and people come home from work. The nearest metro stops are Hôtel de Ville and Rambuteau.

The Beaubourg has its own excellent self-service restaurant, which is rated good value for money. But for a more "sympa" ambience and a hot *plat du jour* go to the Brisemiche, a new bistro in the little street of the same name just opposite the entrance to the Beaubourg. About Frs.30 a head for a *plat* with a carafe of wine.

EATING OUT

The best gastronomic events for the price are the Vietnamese restaurants. They are everywhere and the cuisine is totally different from Chinese. Many of the dishes centre around a *garniture* of salad leaves and fresh mint which is rolled with some sort of fish or meat in a little *galette* of rice flour and dipped into a piquant sauce. Two good addresses: **Thu Van**, 6 rue de Poissy 5eme. Tel: 326 30 56 (try their *fondue Vietnamienne* at Frs.22) and **Quang Binh** at 17, rue de l'Ecole Polytechnique, 5eme. Tel. 326 10 40 (all the specialities are excellent—try the *poulet en papillote Vietnamien*). Both these restaurants are small family affairs with a faithful clientele, so book a table if you plan to eat like most Parisians around 8.30-9 p.m. Between Frs.30 and Frs.50 a head depending on what you drink.

A haven for anyone celebrating a departure or arrival around the Gare du Nord, or Roissy for that matter, as there is a direct train, is the **Brasserie Terminus Nord**, 23 rue de Dunkerque. Tel. 824 48 72. The *"terrasse"* is open for coffee, snacks and drinks from 6 a.m. and the restaurant with its enchanting Belle Epoquerie from 11 a.m.—both through to midnight. Rather fashionable because it is owned by the Brasserie Flo and Chez Julien people—book if you plan on dining.

INFO IN ENGLISH

For an intelligent eye view of what's on in and around Paris invest in the current copy of *Metro*. Out fortnightly (the most recent edition was March 16) it is available from all large bookstalls. Highly readable articles on everything from current events to bargain buys and jazz concerts. Newspaper format—it is worth the five francs.

TO TAKE HOME

A bottle of *Creme de Cassis* from any supermarket, epicerie or wine store (Frs.13 to Frs.20) is the essential ingredient of *kir* (vin blanc cassis). A finger of magic *cassis* in the bottom of your wine glass, top up with any *vin blanc sec* and you have the perfect cheap and drinkable bistro aperitif.

SOMETHING TO WEAR

Au Printemps have just opened a new *pret à porter* fashion department on the fourth floor of their **Nouveau Magasin**. Called the *rue de la Mode*, many of the big names from the *p à p* scene like Louis Feraud, Daniel Hechter, Torrente, Ted Lapidus, Guy LaRoche all have boutiques—the colour theme throughout for this spring: soft beiges, greys and browns.

Lemon is the name of a very with-it boutique at 8 rue du Four, 6eme. They have a large range of the latest baggy topped narrow legged trousers and lots of floppy feminine blouses.

At **Altona**, 8 rue de l'Odeon, there is a charming range of cotton knitwear designed by Caroline Freese. She also sells that so hard to find narrow-knit tie for Frs.45 (85 if you want it in suede). Cerruti have also recently re-launched the narrow knit tie which is good news for all those men who never got around to giving them up.

At **Feuille de Vigne** Magdeleine de Lémont has a range of reasonably priced feminine dresses, skirts and blouses. Nothing over Frs.350. 59 rue Dauphine, 6eme and 6 rue de la Grande Truanderie 1ère near the Beaubourg.

Preposterous life-size ostrich by Lenotre, all made of sugar from the exhibition Sucre d'Art, currently on at the Musée des Arts Decoratifs.

BARGAINS GALORE

Always worth browsing through are the large **Monoprix** and **Prisunic** stores—the latter at 60 Ave de Champs Elysées is open every night from Monday to Saturday until *10.30 p.m.* For bargains by the yard go to the **Marché St. Pierre** (Metro Barbes-Rochechouart) at the foot of the stairs leading up to the Sacré Coeur. The lead role here is played by the **Maison Dreyfus** with four floors of marked down cottons, silks and many couture fabrics and household linens. It is open all day Saturday and through the week from Monday afternoon.

Galeries Lafayette has a bargain basement with clothes, china, make-up—everything in a happy jumble at reasonable prices.

For bargain hunters with smallish feet the **Bally Shop** on the corner of the rue du Louvre and the rue de Rivoli has a permanent sale boutique which is worth a visit.

FOR GARDENERS

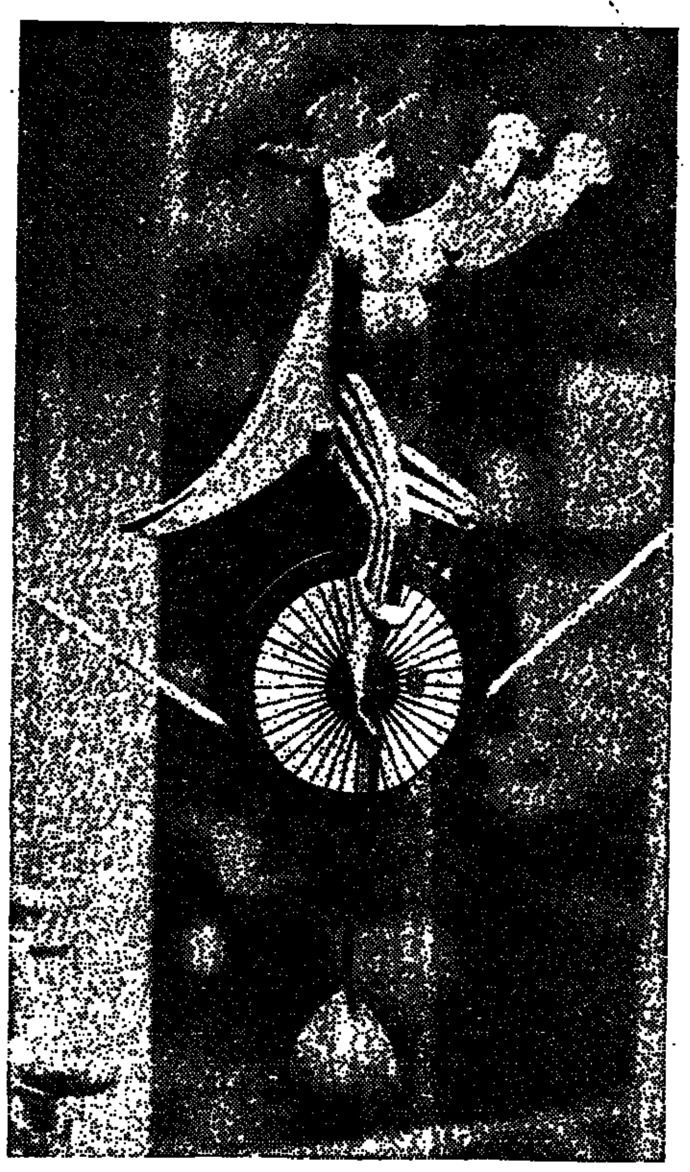
The garden shop in Paris is **Despalles** at 76 Boulevard St. Germain. Pots from Provence, baskets, books, seeds, exotic plants—a zinc watering can with a brass rose (Frs.112 for the three-litre size), large umbrellas in post-box red or stormy blue as worn by real Auvergnat shepherds, and those lovely tin cats, Frs.15 (Frs.5.50, heads only) with their glittering marble eyes that aim to scare the wits out of every marauding bird.

OFF-BEAT

From **Despalles** it is worth window shopping one's way up the Boulevard St. Germain towards the Pont de Sully. Many unusual shops—including a karate shop at No. 32 and the best shop for corks, corkery and everything to do with bottling in Paris (**Comptoir Générale de Bouchage**, at No. 30).

BLONDES A COUPER?

The latest bright star of the hair scene is Gilles St. Georges who has just opened his large airy salon Madeleine Plaz, at 1, Avenue President Wilson, 8eme. St. Gilles coiffes many of the most beautiful heads in Paris (he claims to specialise in blondes) but brunettes seem to turn out rather well too. A cut and blow dry *(le brushing)* when Georges holds the scissors works out at around Frs.150.

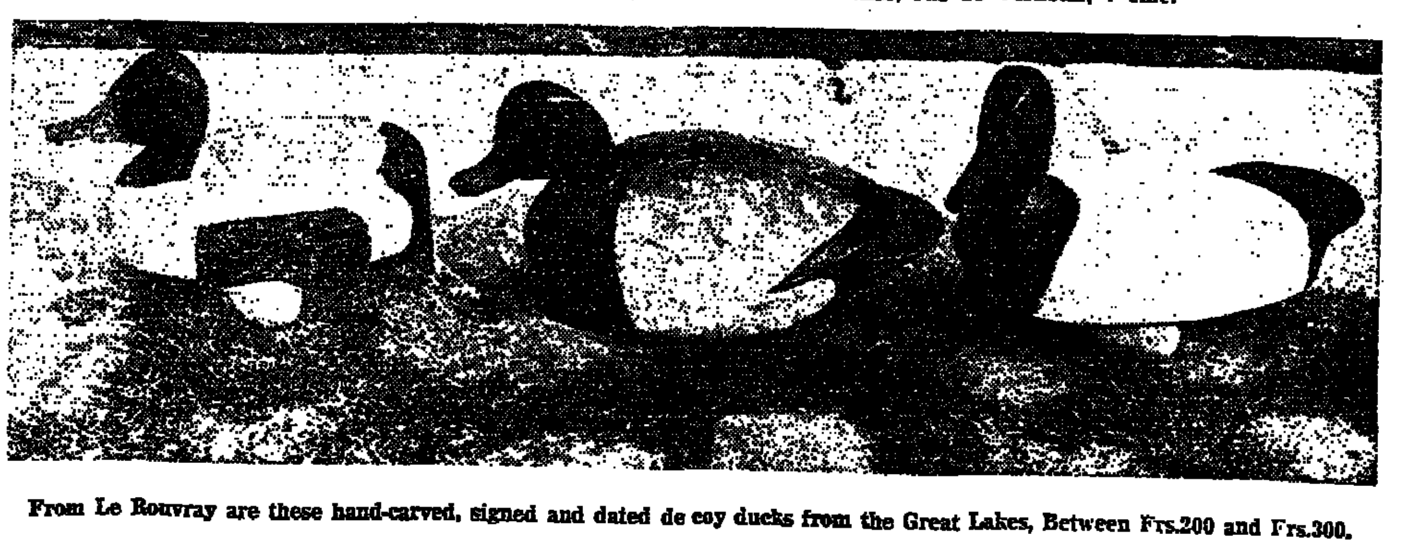


A jolly wooden clown on a bicycle from Oggetto, 143, rue St. Martin, Frs.253.

FOR THE HOUSE

Also near the Centre Beaubourg—and for my money the best new boutique in Paris for kitchen things, toys and accessories—is Oggetto, 143, rue St. Martin, 4eme. They have another branch at 6, rue L'Arbalete, 5eme. Here really is some unusual merchandise from Frs.5 to Frs.500. Everything well made and chosen with taste and wit.

For lovers of patchwork quilts and Americana, Diane Armand-Delille's adorable shop Le Rouvray at 1 rue Fréderic Sauton, 5eme, is worth a visit. Her collection of decoy ducks from the Great Lakes is really covetable. Handcarved, sometimes signed, sometimes dated, they don't seem overpriced at Frs.200 to Frs.300 apiece.



From Le Rouvray are these hand-carved, signed and dated decoy ducks from the Great Lakes, Between Frs.200 and Frs.300.

FOR FUN

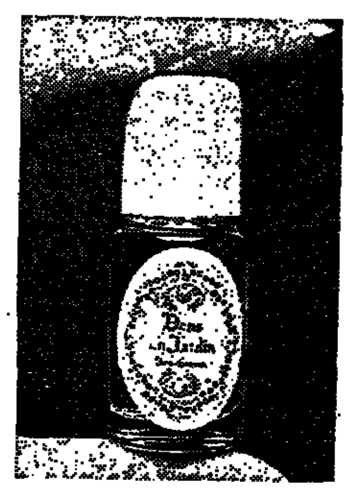
On the Ile Saint Louis at 11 rue des Deux Ponts there is a brand new shop called **Prohibition**. Why not? It specialises in games and one-armed bandits (these from Frs.2,000 to Frs.5,000) and there are some rather nice old backgammon sets in wood for around the Frs.400 mark—also a range of charming inexpensive games for all ages.

Superb bathroom accessories are to be found at L'Epi d'Or, 7, rue St. Jacques, 5 eme. This brass or nickel-plated hook is Frs.125.

SMELLING NICE

The newest range of delicious scents, bath oils and soaps called *Dans Un Jardin* can be seen in all its glory in a mini-boutique at **Galeries Lafayette** where the resident alchemist will mix you up a personalised perfume and stamp the soap of your choice with your own initials.

Now sold throughout France, some of this excellent range *(verveine, chevrefeuille*, lotus, *fleurs de pommiers* and many others) is available in London at Rain, 42 Pimlico Road but nothing as yet on the GL scale. A dolly-sized flacon of perfume concentrate costs Frs.25, a box of three bath soap tablets, Frs.33 and a pretty 8 ounce bottle of body lotion is Frs.39.



Delicious floral scents from Dans un Jardin are to be found at Galeries Lafayette.

NIGHTLIFE

Best show in town is at the new **Latin Paradiso** on the rue Cardinal Lemoine. Book through your hotel.

ICES

Berthillon, at 31 rue St. Louis en l'Ile (Metro Pont Marie). Tel.: 033 31 61, has deservedly the reputation of making Paris' favourite ice cream. Queueing is almost obligatory on a sunny afternoon (it is closed on Mondays and Tuesdays) if you want to eat your kiwi sorbet in the street—otherwise you can sit at a table indoors. An event not to be lightly undertaken.

Far, far away and definitely worth the voyage for afficionados of Italian ice cream is **Raimo**, at 59, Boulevard de Reuilly, 12eme (Metro Daumesnil). Tel.: 343 70 17. Here on a balmy night or day you can sit out of doors and eat your way through a surprising amount of coupes and sorbets. Open every day (except Monday) from 8.30 a.m. through to midnight.

Pierrot porcelain designed by Michele Caudal for Pillivuyt. Plates start at Frs.25 each, cups at Frs.23. On sale at Porcelaine, rue de Verneuil, 7 eme.

DON'T MISS

Sucre d'Art. At the Musée des Arts Decoratifs, 107 rue de Rivoli (metro Tuileries) there is a perfectly fantastic exhibition devoted to sugar. Preposterous *pièces montées* by some of Paris' leading *pâtissiers* (a life size ostrich all in sugar from Lenotre), adorable Easter lambs from Sicily and the macabre little sugary skulls and back-to-the-tomb cult figures made in Mexico at All Souls. There are also paintings, sculptures and collages and some amazing documentation for the dedicated sugarphile. Open from midday through to 6 p.m. everyday except Tuesday (like all French museums). It's on until April 17. Go early as it's bedlam by mid-afternoon.

Paris' newest museum and an offshoot of the Musée des Arts Decoratifs, who have been sitting on their poster collection for years, is the **Musée de l'Affiche** at 10 rue de Paradis (Metro Chateau d'Eau). Here is an example of where the setting for the show (in this case a marvellous 19th century pottery complete with giant decorative ceramic panels from the Belle Epoque) almost steals the show from the posters. But not quite. The posters are incredible. This is the first exhibition (it opened only last month) covering three centuries of French poster art.

Detail from Savignac's marvellous poster announcing the exhibition covering three centuries of French poster art.

There are many favourites—originals by Toulouse Lautrec, Mucha, Cheret, Berthon, Loupot and Schwabe from the turn of the century and the twenties; many surprises and names we have all come to know and love, like Follon, Savignac and André Francoise working to-day. Open midday until 6 p.m., the current exhibition runs until the end of August.

Harold Robbins' film *The Betsy* has just opened before it comes to London (English version is at the Mercury on the Champs Elysées). Laurence Olivier gives a perfectly rivetting performance as the randy, ruthless octogenarian automobile tycoon from Detroit. Lots of lovely ladies, clothes, cars and sets—and first-class Robbins dialogue. But Olivier steals the show.

TO READ

Our prize for the best Frs.15 buy of the moment: *Les Toits Dans Le Paysage*, available from all good bookstalls. A book to gloat over, to keep for oneself and to give away to anyone who loves old France and the French countryside. Published by *La Maison de Marie-Claire* (which produces the excellent monthly magazine of the same name) it has been lovingly written and researched by Nicole Vallery-Radot with superb photographs by Jean Mounicq.

THE ARTS

Redgrave at 70

Sir Michael Redgrave was 70 last Monday and Sophocles was more than 90, Hellenists tell us, when he wrote *Oedipus at Colonus*. The hero of that marvellously mature work, a great burnt-out case of a man but not so burnt-out that he is not still capable of suffering, demands an actor of stature, someone acquainted with grief who in a lifetime of devotion to his craft has discovered what lies beyond tragedy. There are three living actors whose own stature is commensurate with the role and I am not going to award any prizes for guessing who they are, Gielgud, Olivier and Redgrave. It was Sir Michael who played it last Sunday on Radio 3 in a new production of the play by John Theocharis and it was an occasion of which all concerned may feel proud.

Redgrave's beautiful voice with its combination of dignity, power and gentleness responded unerringly for two hours to the great challenge of the role. It is comparable in our own tradition only to Lear, a once sovereign old man at the end of his tether, but here the old man retains his rationality even in the face o fextreme provocation from former enemies, of filial betrayers, and finally of the awareness of his own imminent death.

Redgrave took us calmly through his violently fluctuating emotions, awe at discovering the sacredness of the place at which he has arrived, pleasure at reunion there with his younger daughter, soured instantly by the news she brings of her treacherous brothers and the battle-ground of which Oedipus himself has once again become a part; yet with all these fluctuations of the strange and fascinating plot Redgrave suggested by his tone the resignation, the serenity of a man whose private battle with his own destiny has ended, not in triumph, but in acceptance. As Freud once wittily observed Oedipus did not have an Oedipus complex. This one certainly did not.

The translation used was the most recent by the American Robert Fitzgerald. Compared with other translations I have read like that of R. C. Trevelyan in 1946 it aimed at a soaring resonance without loss of directness and was more often than not successful. Compare "For sufferings and the schooling of long years, And lastly pride of birth have taught me patience" (Trevelyan) with "Suffering and time, vast time, have been teachers in contentment" (Fitzgerald). The choruses, the reflections upon Oedipus's fate by a group of old men of Colonus, were sometimes split up among different voices with Anthony Newlands strong as their leader, sometimes spoken in unison—sexual chauvinism aside, male voices work much better at this exercise than female ones—and sometimes at a climax as after the departure of Theseus (John Westbrook), affirming his protection of Oedipus, chanted liturgically to the strikingly percussive music composed and conducted by Christos Pittas.

At the middle of the play Oedipus is confronted by his old antagonist the plausible Creon who, in order to lure him back to Thebes where his presence has become necessary, taunts him with his beggary and the abasement he has suffered. Joss Ackland injected an acrid dose of malice into the voice for this piece of dialogue and John Hurt as the villainous son Polyneices was equally guileful and equally unavailing. The old man's daughters in this play are patterns of selflessness and were uncloyingly presented as such by Maureen O'Brien and Elizabeth Bell. If only all radio productions were on this level one would hardly need to leave one's armchair and venture forth into the "real" theatre at all.

RADIO

ANTHONY CURTIS

Later on Sunday night by turning to Radio 4 we heard Redgrave looking back over his career in the theatre and films from the vantage point of his armchair in conversation with Bryan Forbes in *Mask or Face*. The rewards of a job where you can go on to new heights at an age where members of other professions are forced into retirement came through a voice which, understandably enough, often sounded weary. Redgrave spoke warmly of his theatrical background, his days as a schoolmaster, his enormous debt to his wife Rachel Kempson, his early work with Guthrie and St. Denis, his affection and admiration for Edith Evans, his forays into films, his qualified use of the Stanislavski method and so on. Best of all, these reflections were interspersed with extracts from recordings of some of his finest performances in Shakespeare, Chekhov, Wilde, and believe it or not, in *The Beggar's Opera* at Glyndebourne. I thought we should get at least one reference to *Thunder Rock* but no; he forbore to mention this favourite role. He did though refer glancingly to what is my favourite among his films, his performance as the ventriloquist in *Dead of Night*, one of the most brilliant studies of schizophrenia ever seen in the cinema.

Below fever pitch this Easter

Saturday Night Fever (X)	Empire
The Goodbye Girl (A)	Warner 2
A Special Day (AA)	Studio 3 Oxford St.
Another Man, Another Woman (AA)	Star Studio Oxford St., Swiss Scene Leicester Sq.
Skateboard (A)	Ritz

Saturday Night Fever is almost the first up-to-date "disco movie" the cinema has given us. Yet, like *Stardust*, *American Graffiti* and other samples of the genre, it seems cling-wrapped in nostalgia; oozing a feeling of Those-Were-The-Days, even though the days it is portraying are those of here and now. The music, which has already proved itself in LP form to be one of the best-selling pop albums ever, is by the Bee-Gees, who first rose to fame over ten years ago: and the clothes and hair-styles, though contemporary, hark back to the sleeked-down, immaculate look of the late '50s and early '60s. Altogether there is a sense of imposture about *Saturday Night Fever*. In America it is climbing the charts of top-grossing films with much the same rapidity as *Close Encounters*, but its pretensions to modernity seem to me to be dubious, and its thrown-together story is a more old-fashioned confection of *Cinderella* sentimentality than anything Hollywood has given us in recent months.

Our hero is a Brooklyn-born Italian-American (John Travolta) who wants to win the annual dance contest at the flash neighbourhood disco. All he has in his life at present are a squally Italian family, a dead-end job in a hardware shop, and a racy fraternity of fellow disco-haunters who spend their time hell-raising on the streets or fending off un-cool and ineligible girls on the dance-floor. One day he meets a "nice" girl (Karen Lynn Gorney) at a dance hall, and after weaning her from her name-dropping pretensions to refinement, persuades her to become his partner for the big contest. Romance blossoms, and the girl is converted from her airs-and-graces snobbery to the hero's more real and instinctive "nice-ness."

At last that is how the film's makers — writer Norman Wexler, director John Badham —would like us to see the plot. Travolta's salt-of-the-earth simplicity seems to me almost as phony as Miss Gorney's refinement. Not through any fault of the actor's—Travolta has all the animal magnetism (and rather more "style") of Sylvester Stallone in *Rocky*—but because the cliches of the script have driven him into a corner where creativity cannot flourish. The film tries to jazz up its tired vignettes of adolescent cruising with an extra permissiveness—contraceptives and four-letter words are brandished at every opportunity—but the result is still a rag-bag of ersatz Americana in which the few good dance set-pieces are expected to compensate for a threadbare plot. They do not.

*

I am sorry for the dearth of Easter cheer, but I cannot honestly recommend you to see *The Goodbye Girl* either.

American comic writer Neil Simon has here traded in his sharp Manhattan one-liners for a glutinous two-hour duologue between Marsha Mason and Richard Dreyfuss. Miss Mason (in real life Mrs. Simon) plays a plucky, thirtyish New York divorcee recovering from an affair with an actor who has jilted her. Enter, one rainy night, another actor Richard Dreyfuss—who has sub-let the apartment Miss Mason inhabits (with her cute-precocious ten-year-old daughter) and arrives unaware that she is still living there, with no legal right to occupancy. He could call his lawyer and have her ejected, but pity intervenes. Indeed the screen is soon awash with sentiment, as Drefuss and Miss Mason both discover themselves to be lonely souls in search of companionship.

CINEMA

NIGEL ANDREWS

The film intersperses this chronicle of dawning love with all-too-brief Simon-esque interludes showing each pursuing his or her stage career. Dreyfuss has landed the title role in an off-off-Broadway production of *Richard III*, whose director insists on having the hunchback monarch portrayed as a mincing homosexual. Mason meanwhile is trying to gather up the threads of an interrupted career as a Broadway chorus dancer. These sub-plots are intermittently funny: not least the first, which climaxes in an opening night performance almost as tasteless and traumatic as *Springtime For Hitler*. Dreyfuss proves himself a better actor with every film: a powerhouse of overgrown-schoolboy energy whose pudgy face, spectacles and wild hair are in perpetual comic motion. Miss Mason plays her part for more than it is worth, and Quinn Cummings does what she can with the awful comic stereotype of the child who belies her years by swearing and telling the grown-ups how to behave. The performances, in short, are resourceful: but not resourceful enough to salvage a long, patchy and sentimental script.

Karen Lynn Gorney and John Travolta in "Saturday Night Fever"

*

A Special Day was shown at Cannes last year and won good notices for Sophia Loren's portrayal of a dowdy, downtrodden Rome housewife who briefly finds romance with suicidally inclined neighbour Marcello Mastroianni. She is the wife of an upright Fascist Party member (the year is 1938). Her husband sets off with their children one day to cheer and flag-wave at the Rome meeting between Hitler and Mussolini. Left alone (almost) in the gaunt, huge apartment block where they live, Loren accidentally lets her mynah bird escape while she is cleaning the flat. To whose window should it fly but that of Marcello Mastroianni, who (for reasons not yet clear) is about to kill himself. She visits him to retrieve the bird, and conversation, sympathy and sexual attraction flower.

Sexual attraction on her part only, however, for in addition to his other non-conformist tendencies (he is a radical writer and an anti-Fascist) Mastroianni is a homosexual. This Italian brief encounter, directed by Ettore Scola, is photographed in a faintly colour-tinted black-and-white that looks, or aspires to look, like an album photograph of the period. It is decent, slow, touching, and finally dull. Dull with the stylistic unadventurousness of a TV play. The characters are given a set quota of life-enhancing things to learn from each other—he from her humility and tenderness, she from him a freer way of thinking—and then the story is wrapped up as if the characters had no existence before or after the drama's duration. Loren, for all her haggard hair and shadows under the eyes, is an inviolably glamorous actress, and her casting-against-type seems as gratuitous and attention-catching as that of Mastroianni, the Italian screen's ageless lady-killer, as a diffident and introspective homosexual.

*

There is worse to come. French director Claude Lelouch goes West in *Another Man, Another Woman* and I will spare you the grisly details of what he finds there. Suffice it to say that Lelouch's rose-coloured camera lens does for the Hollywood Western what *A Man and a Woman* did for the French Nouvelle Vague: first prettifies, then emasculates an abrasive cinematic idiom. James Caan and Genevieve Bujold star as two pioneers who find love among the deserts and frontier settlements of the early West: but not before writer-director Lelouch has given us the respective histories of their former lives and has conveniently killed off (as he did in *A Man and a Woman*) their respective former life-partners. The result is a piece of romantic contrivance at once cosy and long-winded, tasteless and sugar-coated: a film worth taking great trouble to avoid.

*

Skateboard has more *joie de vivre* and unpredictability than any of the films above-mentioned. It is not perfect: the story of a hastily assembled team of Los Angeles youngsters being pushed to skateboarding glory by a manic self-made entrepreneur (Allen Garfield) relies too much on audiences' ready susceptibility to fairytale success stories. But the film has little of the cutie-pie appeal of *The Bad News Bears*—or rather its syrupy sequel—and Garfield's performance as the team manager is a marvel. Like Richard Dreyfuss he can be pushy without being repulsive, tousled and fanatical while remaining human and vulnerable. Here, variously beset by Mafia loan sharks, skateboarding accidents and runaway team members, he makes paranoia seem the highest form of tragi-comedy.

May openings at National Theatre

Following the National Theatre productions — already announced—of *Lark Rise* by Keith Dewhurst, David Hare's *Plenty*, Horvath's *Don Juan Comes Back from the War*, and Ibsen's *Brand*, will come the opening of a new work by Wilson John Haire, *Lost Worlds* (opening Cottesloe, May 25), and the return of Ben Travers' *Plunder* (opening Lyttelton, May 31).

Lost Worlds consists of three thematically linked plays by the award-winning Irish writer Wilson John Haire.

TV Radio

BBC 1

† Indicates programmes in black and white

9.00 a.m. Teddy Edward. 9.05 Indoors Outdoors. 9.30 Multi-coloured Swap Shop. 12.28 p.m. Weather.

12.30 The Boat Race in Grandstand: Football Focus (12.35); Water Ski-ing (1.00) The Moomba Masters; Racing from Kempton Park (1.20, 1.55, 2.55); Cross Country (1.35, 3.10) The Sixth IAAF World Championships; The Boat Race (2.05) Oxford v. Cambridge: Sporting Year 1978 (4.10); 4.35 Final Score.

5.10 The New Adventures of Batman

5.35 News

5.45 Sport/Regional News

5.50 Jim'll Fix It

6.25 *Saturday Night at the Movies*: "Rio Bravo" starring John Wayne and Dean Martin

8.45 Mike Yarwood in Persons

9.15 Kojak

10.05 News

10.15 Match of the Day

11.15 Saturday Night at the Mill

All Regions as BBC-1 except at the following times:—

Wales—8.40 a.m. Indoors Outdoors. 9.05-9.30 Telifiant. 12.05 a.m. News and Weather for Wales.

Scotland—4.55-5.10 p.m. Scoreboard. 5.45-5.50 Scoreboard. 10.15 Sportscene. 10.45-11.15 Songs of Scotland. 12.05 a.m. News and Weather for Scotland.

Northern Ireland—5.00-5.10 p.m. Scoreboard. 5.45-5.50 Northern Ireland News. 12.05 a.m. News and Weather for Northern Ireland.

BBC 2

†3.00 p.m. Saturday Cinema: 'Wuthering Heights' starring Merle Oberon, Laurence Olivier and David Niven

4.40 Hit the Note

5.10 Horizon

6.00 Open Door

6.30 Sight and Sound in Concert featuring Steel Pulse, XTC (simultaneous with Radio 1 stereo)

7.30 News and Sport

7.45 The Book Programme: Victor Gollancz, Publisher

8.15 The Lively Arts—In Performance: 'Cav' and 'Pag' from the Royal Opera House Covent Garden

10.50 M.A.S.H.

11.15 News on 2

†11.20 Midnight Movie: "The Desperate Hours" starring Humphrey Bogart and Fredric March

LONDON

9.00 a.m. Sesame Street. 10.00 Our Show. 11.00 Saturday Cinema: 'The Lone Ranger.'

12.30 p.m. World of Sport: 12.35 On the Ball; 1.00 International Sports Special (1) Squash—Slazenger Professional Tournament from Chichester; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newcastle, 1.45, 2.15 and 2.45 from Towcester; 3.10 International Sports Special (2) Speedway: Daily Express Spring Classic from Wimbledon Stadium; 3.50 Half-time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.

5.05 News from ITN

5.15 Happy Days

5.45 Logan's Run

6.45 Celebrity Squares

7.30 Enemy at the Door

8.30 Sale of the Century

9.00 Within These Walls

10.00 News

10.15 The South Bank Show: 'Horowitz at the White House' with Melvyn Bragg

11.20 A German Requiem by Brahms from the 1977 Cardiff Festival of Choirs and recorded at St. Mary's Church, Cardiff

12.35 a.m. On Seven Hills They Built a City

1.05 Crucifixion '78 with Geraldine McEwan

All IBA Regions as London except at the following times:—

ANGLIA

9.00 a.m. Animal Alphabet Parade. 9.30 Cartoon Time. ... Phantom. ... the Dinosaurs. ... Celebrity Squares. ... Sale of the Century. ... "Small Miracle," ... 12.35 a.m. ...

ATV

9.05 a.m. The Rolf Harris Show. ... Tiswas plus ... and The Lone Ranger. ... Million Dollar Man. ... The Sweeney. ...

BORDER

9.30 a.m. Tiswas ... the Dog Wonder ... 5.15 p.m. Logan's Run. ... Sale of the Century. ... Door. 8.15 "Mallory" ...

CHANNEL

12.18 p.m. Puffin's Pla(i)ce. ...

GRAMPIAN

9.00 a.m. Scene on Saturday including Birthday Greetings and The Lone Ranger. 9.25 Skippy. 9.50 The Woody Woodpecker Show. 10.15 Woobinda. 10.45 Island of Adventure. 11.30 The Clue Club. 12.00 Captain Scarlet and the Mysterons. 5.15 p.m. Logan's Run, followed by area weather forecast, Highland League and shinty results. 6.15 Havoc. 6.45 Sale of ...

... Run. 6.15 Happy Days. 9.00 Police Woman.

TYNE TEES

9.00 a.m. Lyn's Look In. 9.05 Solo One. 9.30 Model Railroading Unlimited. 10.10 You Can Make It. 10.40 Thunderbirds Are Go. 5.15 p.m. Logan's Run. 6.15 Havoc. 6.45 Sale of the Century. 7.15 Enemy at the Door. 8.15 "Mallory: Circumstantial Evidence," starring Raymond Burr. 12.35 a.m. Epilogue.

ULSTER

10.10 a.m. The Herbs. 10.20 The Red ...

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry with The Early Show (S), including 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Tony Brandon (S). 12.02 p.m. Two's Best (S). 1.02 The Eric Morecambe and Ernie Wise Show (S). 1.30-5.55 Sport on 2: The Boat Race (1.30, 2.05, 2.30, 5.30) Oxford v Cambridge; Football League (1.30, 2.05, 3.10, 3.40); Athletics (1.30, 3.10, ...

Radio 2. 1.30 p.m. With Radio 1. 7.30-2.02 a.m. With Radio 2.

RADIO 4

... Weather, programme news (VHF) Regional News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Morning Call. 9.00 News. 9.05 International Assignment. 9.30 The Week in Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week (S). 11.20 Words from the Cross (6). 11.30 Science Now. 12.00 News. 12.02 p.m. James Galway (S) (as Radio 3). 12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 News. 1.15 Any Questions? 2.00 War and Peace. 3.00 News. 3.05 Does He Take Sugar? 3.35 Inquest on a Novel. 4.15 The Thames: How Sweetly Does It Run? 5.00 Kaleidoscope Encore. 5.30 Week Ending ... 5.55 Weather, programme news (VHF) Regional News. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop the Week with Robert Robinson. 7.30 Those You Have Loved (S). 8.30 Saturday-Night Theatre: "The Ivy Tree." 9.58 Weather. 10.00 News. 10.15 On the Town. 11.00 Lighten Our Darkness. 11.15 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 7.32 Good Fishing. 8.00 News: weather, traffic, shopping, sports news. 8.15 The London Gardener. 8.30 David Kremer with Saturday Scene. 10.30 Sportscene. 11.30 The Robbie Vincent Saturday Show. 2.00 p.m. Bob Powel with London Country. 4.30 Marjorie Bilbow with Close Up. 6.00 Sounds Good. 6.30-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

6.00 a.m. Morning Music. 7.00 A.M.: weekend news, reviews, features. ... 10.00 Jellybone. 1.00 p.m. Saturday Start. 6.00 After 6. 6.30 Decision Makers. 7.30 Geet Mala: music, information, interviews in Hindustani. 8.00 Saturday Music. 9.00 Nightline. 1.00-5.00 a.m. Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Kerry Juby's Breakfast Show (S). 9.00 Help a London Child (S). ... Greg Edwards's Soul Spectrum (S). 9.00 Nicky Horne's Mummy's Chart (S). 11.00 Mike Allen's American Dream (S). 12.00 Mike Allen's Backseat Boogie (S). 2.00 a.m. Night Flight (S).

CHESS SOLUTIONS

Solution to Position No. 2..

1 N-R5! NxN; 2 RxP ch, KxR; 3 QxKP ch, K-Q1 (K-B1; 4 Q-B1 ch); 4 R-Q1 ch, K-B2; 5 Q-Q6 mate. If 1 . . . Q-R1 (or 3); 2 RxP ch, PxR; 3 QxP ch, K-Q1; 4 Q-Q6 mate.

Solution to Problem No. 2..

1 R-K4 (threat 2 B-B4), N-K7; 2 R-B5, or if N (N5) elsewhere; 2 Q-Q3, or if N-Q5; 2 R-K5. (Not 1 R-B4? N-Q5! nor 1 QK4? ...)

AMERICA'S TOP TEN TV WEEK ENDING 3/19/78

1. Little House on the Prairie	31.0	NBC	Drama
2. Laverne and Shirley	29.0	ABC	Comedy
3. Three's Company	28.3	ABC	Comedy
4. All in the Family	28.0	CBS	Comedy
5. Happy Days	26.0	ABC	Comedy
6. Waltons	25.9	CBS	Drama
7. Alice	25.7	CBS	Comedy
8. Mash	25.0	CBS	Comedy
9. 60 Minutes	24.8	CBS	News
10. Charlies Angels	24.2	ABC	Drama

PROPERTY

Kitchen sink and all

BY JUNE FIELD

IF YOU want a more modern home, is it better to transform the house you are living in, or start afresh by buying another property? Either way you are in for aggro and cost. And if you decide to improve rather than move, where do you start and how far do you go?

As far as the Jones' were concerned it all began with the kitchen sink. "We just couldn't stand the sight of the old enamel one any longer," said John and Mary Jones, whose miniscule house, part of a north west London terrace built in the 1850s, had been "modernised" by previous owners. But near post-war contemporary decor had long passed its prime.

The trauma of moving to a bigger more convenient house held no appeal, as what they really wanted was to trade up on equipment and fittings rather than space. But they soon discovered that when you replace one ancient unit with something new, it is going to make everything else look shabby, particularly in a kitchen. And what about the condensation, a problem they had always intended to tackle, but never got round to?

Gradually, what had started off as a fairly basic one-off job, developed into almost full-scale rehabilitation. They did a lot of work themselves, calling in the experts for services such as plumbing, gas and electricity. First the kitchen walls and ceilings were lined with Kotina, rolls of expanded polystyrene, to insulate the surface, keeping the warmth in and the cold out, so reducing condensation. As a contemporary natural wood look was wanted, deal planks on battens went over the top, giving the tiny kitchen the intimate air of a small log cabin.

The new fittings — stainless steel sink unit, gas cooker and electric refrigerator—took up more space than the old ones, so the hinged door had to be put on sliding door gear (Apex single aluminium track with nylon wheels and pelmet kit on top) to give ease of access. This opened up the whole of the wall surface behind the door for fixing minor domestic items. Existing cupboard doors and window frames were painted with ICI's Dulux brilliant white gloss.

The bathroom suffered from condensation as well, plus a too high ceiling. Extra insulation was contrived, and an ugly bulkhead hidden by lowering the ceiling a foot. A false ceiling was put in using the Lumite system, a metal framework filled with panels of textured acoustic material. Again the walls were lined with expanded polystyrene, and papered with Novamura, ICI's new vinyl wallcovering where you paste the wall and not the paper.

Work continued throughout the house. More repapering with the help of the neighbourhood's "little-man," and re-carpeting in parts — disaster struck in a big way when the carpet fitter was stricken and everything was in chaos until a replacement arrived. "Co-ordinating delivery dates of equipment with services was the worst nightmare," they admitted, for as professional people they couldn't stay home all the time. "Planning, perseverance and patience was what paid off in the end. The cost of the operation was about £1,000, for the bathroom, kitchen and overall decorating, but not counting our labour or the carpet. An expensive kitchen sink, but cheaper than moving!"

More Cornish delights

IN WHICHEVER direction your Guildway home faces at The Downs, West Looe, Cornwall, you'll enjoy panoramic views of Looe Bay or of the valley of the Looe rivers. The development is situated on the top of the hill overlooking the Cornish seaside town and the variety of design, external cladding and grouping of the homes ensures that the development retains an individuality of its own in keeping with the scenery. The developer, Shire Developments of Plymouth has taken full advantage of the sloping terrain by including garages in the underbuilding of several of the bungalows as well as terracing many of the gardens. In some cases, bungalows have been linked by an integral garage.

Shire Developments is a family concern employing an architect and an assistant in the office at Plymouth. The site manager, Mr. Cowley and his wife, who is the selling agent for the homes, live on the site where a work force of 14 is employed with sub-contractors for plumbing, electricity, plastering and bricklaying. Under the Guildway system, where the superstructure is manufactured in the factory from standard components, construction time is swift—a similar version to the Cowley's luxury "Bahama" bungalow, which was modified to encompass the views, can take as little as four weeks to complete including the footings.

Development has been planned in three phases, the first of which, nearing completion, consists of 52 dwellings. The second phase will comprise 90 dwellings and the third a minimum of 100.

Three/four bedroom bungalows cater for the higher end of the market, selling at between £17,500 and £27,500. In this price range you can expect a luxury kitchen, fully fitted and tiled bathroom and shower room, central heating, double glazing, fitted cupboards and vinyl wallpaper throughout, with telephone installation and road charges included in the price.

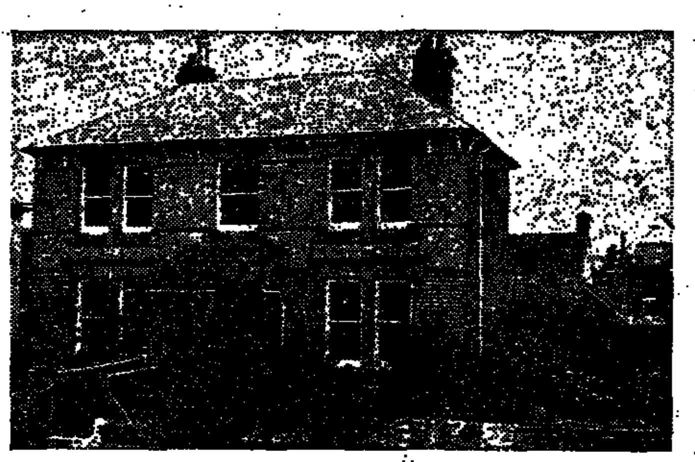
For the lower end of the market, between £8,995 and £11,395, catering for the first time home buyer and retired person living on a fixed income, two and three bedroom semi-detached bungalows are on offer. A popular design, introduced by the developer, is the two-bedroom version evolved by dividing a shell in half to produce two semi-detached bungalows.

The middle range varies from £12,950 to £16,950, the specification including electric central heating, coloured bathroom suites and emulsioned walls.

For illustrated booklet, write to Marie L. Cowley, Shire Developments, 25 The Downs, West Looe, Cornwall.

Knight Frank and Rutley are the agents for Marelands, Copsale, asking in the region of £130,000 for the property, which is about 9 acres with a lake, two ponds, hard tennis court, orchard and two paddocks, stable and two double garages. The original parts are believed to date from the Tudor period, and the house was extended in keeping in about 1934. Scheduled of architectural and historic interest, Grade II, the house is compactly arranged with beamed, colour-washed and partly tile-hung exterior covered in wisteria. Accommodation includes 4 reception rooms, staff sitting room, 6 bedrooms, 3 bathrooms and 3 secondary bedrooms which could form a separate flat, and there is a cottage with 2 reception rooms, 3 bedrooms and a bathroom.

There can be few English villages which retain, virtually intact, their original medieval layout. Such a village, however, is Flaxton, a charming unspoilt rural community between York and Malton with a far-reaching view to the Minster. One of the principal residences in the village is at present being offered by the York office of Jackson-Stops and Staff. Known as Flaxton House, it is mainly of Georgian origins although parts of the house are obviously of much earlier construction. 5/6 beds: £65,000.



Bybrook, Cheriton, near Alresford, Hants, is in need of some improvement, the house currently having 3 bedrooms, bathroom, 2 living rooms, kitchen, utility room, small garden and the unusual feature of being approached by a foot-bridge from The Green to the front door, across a stream which meanders past the house. Offers in the region of £25,000 are being sought by Pearson's Alresford office.

Some stately flats

CONVERTING stately mansions to provide flats of grace and character continues. An 18th century hunting lodge in sweeping lawns, at Quorn, Leicestershire, described as "once the home of landed gentry" in "one of the best addresses in the country," has been converted "with dignity" into 11 luxurious flats. Elegantly finished, with no expense spared on the fitted kitchens, 1 and 2 bedroom apartments are from £14,750 to £26,000. Enquiries Davis Homes, Forest Road, Loughborough, Leics.

In Cornwall, Heligan, one of the stately homes of the Principality, for centuries the home of the Tremaynes, dates back to 1602. Extensively altered and added to in the 1730s, further additions were made in 1807 giving it the imposing Georgian appearance it still has to-day. Now its gracious interior has been converted to 22 flats of which more than half have been sold.

The architects, Buxton, Truscott and Wall, of St. Austell, have taken great pains to retain the period features such as the entrance hall, grand staircase and galleries. Each flat has its own individual character, with no two exactly alike. They vary in size from a bed-sitting room unit to a three-bedroomed unit and a two-bedroomed maisonette.

A lift serves all four floors, there is a refuse disposal system, automatic laundry facilities in the basement, and special wine bins "for those who wish to store their wine as it should be stored."

Heligan is close to the South Cornish coast, about two miles inland from the fishing village of Mevagissey, with a four-and-a-half-hour train service to London from St. Austell, six miles away. The apartments, which cost from £9,750 for one-bed accommodation to £17,000 for a three-bedroomed apartment, are being promoted as permanent homes or holiday pied-a-terres. Brochure from agents John D. Wood, 23 Berkeley Square, W1.

COLLECTING

Master potter

BY JANET MARSH

THERE IS always something new to be said about Josiah Wedgwood. This unpretentious Staffordshire potter, whose formal schooling ended at nine when his father died, embraced a range of intellectual interests that gave him a unique position in Europe's Age of Reason. As an influence on his contemporaries, he bestrode the commercial, artistic and scientific life of the time.

As his memorial in Stoke Church proclaims, he "converted a rude and inconsiderable Manufactory into an elegant Art and An important part of National Commerce." The works at Etruria and their organisation were a pivot of the Industrial Revolution. Wedgwood, with his partner Bentley, was a key influence in the European spread of the Neo-Classic taste. Underlying his other achievements, was his natural genius as a scientist, which is chronicled in the new exhibition "Josiah Wedgwood: The Arts and Sciences United" presented by Josiah Wedgwood Ltd. at the Science Museum.

"Genius" is certainly the right word, if it is to be measured by the capacity for taking pains. A central exhibit is his register of Experiments Nos. 1 to 4,832 (and this is only the first of the series of such books). The experiments start in the period of his first partnership, with the great 18th century potter, Thomas Whieldon, which began in 1754 when Wedgwood was 24; and were to continue almost to the end of his life.

The triumphant achievements of the Wedgwood factory—the cream "Queen's Ware" which changed the course of ceramic history, the superb basaltes and jasper and cane ware of the ornamental pieces—were the results of years of painstaking experiment, and study. Wedgwood had to make himself master of geology and chemistry as well as of the potter's craft. The exhibition includes the meticulous oven books and formulas and examples of the countless test pieces—drawers full of carefully numbered samples which are witness to the unwearying trial and error.

Wedgwood had to work empirically and provide his own instruments. Before he could reliably control the firing of his ovens, he needed a pyrometer, and a section of the exhibition records his long studies to arrive at a means of measuring extreme temperatures, first by colour changes in clays subjected to heat, later using the shrinkage of clay. It was his work in this field which resulted in his election to the Royal Society in 1782.

The meticulous documentation of his scientific work is in endearing contrast to his carelessness about accounting; "he could not bring himself to enter upon the details of figures," recorded his biographer. Eliza Meteyard, "as they so wholly interrupted those trains of thought necessary to his work." In his pocket books in which he intended to record his travelling expenses, "for the first few miles he will diligently record his expenses, even to the penny he gives a girl for opening a gate or gathering him a bunch of wayside flowers. The next entry is at the distance of days, and then it will relate to some possible degree of fineness in wire sieves, or some chemical experiment."

His intense fellow-feeling for other scientists took the most practical forms. Joseph Priestley received a generous annuity from Wedgwood and his heirs from 1780 to his own death in 1804. In 1782 we find Wedgwood writing to James Watt, to whom he has supplied some mortars: "You owe me no letter of thanks, though you may write any letter to me you please, and the oftener the better for me. With respect to the mortars &c. I never charge such experiment pieces to anybody, and it would be unreasonable in you to expect in this instance to be favor'd beyond the rest of mankind." Little of the laboratory ware supplied in this way to his friends has survived, but there is in the exhibition a little group of cups, mortars, pestles, "fossilcups," retorts and jars which have a simple elegance of their own. Wedgwood seemed incapable of making any object without natural proportion and grace.

Here again he studied. Like many a self-taught man, he revered books, and often had not even time to unpack all the crates supplied by Payne, the 18th century antiquarian book dealer.

Others, however, were well used. One of the most revealing exhibits is a single sheet of notepaper which lists books belonging to Wedgwood and Bentley and clearly constituting the factory library. Almost all are key 18th-century works on classical design, headed by the catalogue of Sir William Hamilton's collections.

After almost two centuries of Wedgwood studies, there is still scope for research among these design sources of Wedgwood's ornamental productions. The exhibition makes it possible to compare, for instance, the Hamilton catalogue print with a copy of a superb and massive "Etruscan" volute krater which till now has been hidden in the V. and A.'s reserve collections. Severe as ever in his own scholarship, Wedgwood wrote to Bentley in 1770, before he was in personal contact with Hamilton, "Mr. Hambleton you know has flattered the old pot-painters very much. . ."

It is an attractive exhibition, elegant, judicious, eloquent and plain as Wedgwood might himself have wished (museums seem happily to have overcome the recent phase of making exhibitions in the spirit of Selfridges' Christmas toy window). Wedgwood's own singularly attractive personality dominates; and an old wooden hand-driven potter's wheel and the original factory fire-engine magically evoke the practical reality of his Etruria.

FINANCIAL TIMES

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North Sea windfall

THE GOVERNMENT'S long-delayed White Paper on the economic implications of North Sea oil appeared this week. It appeared because it was booked to appear: but differences of opinion between Ministers — and the heavy editing which reflects them — have left it with little content but a rather tired electioneering rhetoric. "*As a people,*" it concludes, "*we have ben given the chance to harness our talents and energies to a programme of National Recovery, that will rebuild Britain's prosperity and greatness. It is in that spirit that the Government invites the nation to use the decade of opportunity presented by North Sea oil.*" Even our politicians, it seems, are in danger of frittering away the great windfall.

But the "unique opportunity" of which the White Paper *speaks is no exaggerated phrase.* The inefficiency of our industrial structure and practice, the weakness of our balance of foreign payments and the relatively slow growth of our output and living standards have been becoming increasingly obvious for years past. The sharp rise in oil prices and the subsequent recession have, more recently, brought about a more striking combination of high unemployment and rapid inflation here than in other industrialised countries, and at the same time demonstrated clearly that much of our traditional industry is no longer competitive.

No fund

Without North Sea gas and oil, indeed, our present situation and the outlook for the future would be exceedingly dismal. One has only to reflect for a moment on the fact that the improvement in our economic situation has so far been almost entirely confined to its financial aspect, that this improvement has been largely due to a better balance of payments, and that the main contributor to this better balance has been the output of the North Sea. Sterling has remained strong even when the trade figures happened to be bad. There are even economists who fear that North Sea oil will keep the exchange rate so high as to make our manufactured exports uncompetitive and aggravate still further the long-standing disadvantages of our industry. When the oil runs out in a few years' time, they argue, we shall be bankrupt.

This seems a perversely pessimistic way of regarding a windfall piece of good fortune, and the White Paper does not share it. But it acknowledges the possibility of an exchange rate problem and, more important, it is entirely based on an awareness that the oil will not be there for long and that the interval must be used for making the economy capable of surviving its disappearance. What the Government has not done is to set up a special North Sea oil fund, which would be used to finance its "industrial strategy," the results of which have so far been more expensive than impressive. Its Left wing has achieved a White Paper and some high-flown language, but not must else.

Investment

This is a considerable gain—though it may, like the flow of oil itself, be only short-lived. The North Sea windfall will have two main effects on *our economic situation, in* strengthening the balance of payments and increasing Government revenue. The potential improvement in the balance of payments is the more important, though it should not be exaggerated: apart from the short-term foreign debt we have already incurred, there is reason to be worried about the bill for manufactured imports even before the upswing in production has begun. *But if we* can control inflation and if the balance of payments allows us to maintain economic growth at a moderate but steady pace for longer periods than in the past, *the chance of larger and more* fruitful capital investment will be greatly enhanced.

The White Paper recognises that investment can be planned and executed only within *industry itself and proclaims* the Government's intention of keeping firm control over public expenditure. But there are continual hints that, apart from tax cuts, the motive for which may be as much political as economic, the prospective increase in Government revenue will be used for improving public services and helping to bring about the necessary restructuring of British industry. Improvements in various public services are certainly needed and justified, provided that they are sensibly planned and that the continuing current as well as the immediate capital costs are taken into account. The massive subsidisation of investment, however, whether selective or general, is another matter altogether. It would be a *tragedy if revenue from North* Sea oil were wasted on propping up for a little longer the weaker parts of British industry.

REVOLUTION IN THE HYPERMARKETS

BY SUE CAMERON AND RAY DAFTER

'Fill her up, Joe, and put the groceries in the boot'

THE NEW wave of petrol price-cutting which is evident in many parts of Britain this Easter holiday demonstrates yet again the intense competitiveness of the oil retail business.

Motorists are reaping the benefit of a struggle for market shares among the big oil companies. Few, if any, of the companies are making a reasonable profit on their petrol operation and yet they still persist in slashing prices.

Shell thought it had caught its competitors on the hop when it announced on Wednesday that it was helping retailers to reduce pump prices at thousands of its stations by 2p a gallon. It is a temporary move aimed principally at attracting motorists venturing out into the countryside over Easter.

However, Shell's sharp move has been somewhat blunted by its major competitors which by and large are following suit. As has been the usual practice: a price cut at one garage provokes a similar move next door causing a domino effect.

But oil companies are now finding that they are not only competing amongst themselves. They have come to recognise that more and more motorists are finding that the cheapest, most convenient way to buy petrol these days is from one of the 100 or so superstores and hypermarkets that have sprung up around the country over the *last few years. It is a new trend* that is viewed with mixed feelings by most of the major oil companies.

There are two main reasons for the growing popularity of superstore petrol pumps. One is that they enable motorists to fill up their tanks and replenish stocks of baked beans, butter and cornflakes all in one swoop on a Saturday morning. An even stronger attraction is the price. *High volume sales and high* capacity storage make it possible for superstores to negotiate favourable terms from some of the oil companies that supply them and this in turn benefits *the customer.* Hypermarkets and superstores—which are basically in business to sell groceries and household products — also operate at extremely low profit margins.

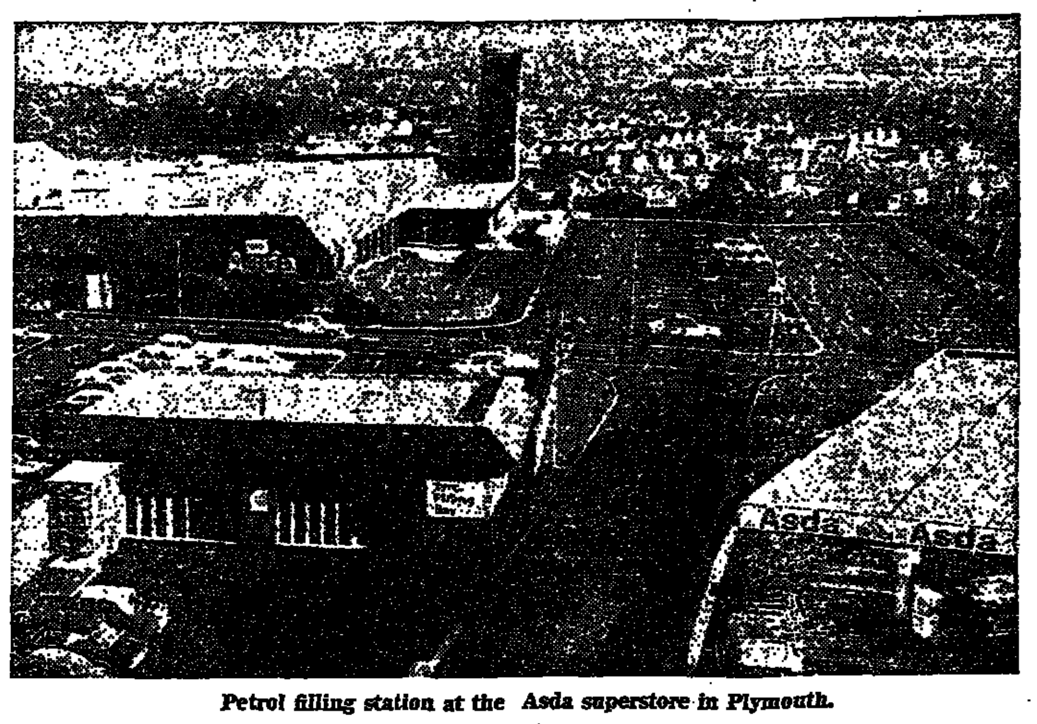
At a time when there is a surplus of oil and many refineries are operating well below capacity, the superstores would appear to offer good business opportunities to the oil companies — albeit on a small scale. Yet the oil majors are not happy at the effect the superstores are having on petrol prices: the companies are increasingly having to cut their own profit margins in order to *help established retail outlets* to compete with a local hypermarket or superstore. In some cases the profits of garages owned by the oil companies themselves are also being hit.

Existing U.K. superstores and hypermarkets — the former defined as having at least 25,000 square feet of selling space while the latter have nearer 100,000 square feet—tend to be concentrated in the Midlands and the North. It is perhaps no accident that the latest figures from the Institute of Petroleum show that this January the average price per gallon of four star petrol was 75.1p in the South and was only 72.6p in the North.

Esso, which sells petrol on 6,305 sites in the U.K. though it owns only 1,565 of them, says the superstores have had "a dramatic effect" at service station level because they have caused a downward spiralling of prices. "Superstores and hypermarkets in Lancashire, Yorkshire and the North Midlands have driven petrol prices right down—much to the detriment of the service stations."

"When a retailer is in trouble we *usually ask him to drop* his profit margins by a number of pence per gallon and we then match that by cutting the price at which we supply him. This makes it possible for him to compete with a superstore or hypermarket in this area.

"Esso judges all business opportunities on their merits and we do put in bids to supply superstores. But experience suggests that our bids are nor*mally too high. Frankly we don't* find superstores business particularly attractive and we are not prepared to offer them large rebates to obtain orders.



Petrol filling station at the Asda superstore in Plymouth.

Situation 'will last 5 years'

"The present surfeit of oil gives hypermarkets and superstores a strong incentive to sell petrol and the number doing so is likely to grow. The picture could alter completely when the oil surplus ends but we foresee the current situation lasting for *at least the next five years.*"

British Petroleum, which has 3,198 retail sites of which it owns 776, takes a more optimistic view of the effects of the oil surplus on superstore petrol sales. It says the superstore "menace" has lessened considerably over the last year because of increased competition brought about by the oil surplus. It claims the hypermarkets and superstores have seen a serious erosion of the big price differentials on which they rely.

Shell, which has more retail outlets than any of the other oil majors with a total of 6,450 sites, 1,657 of them company owned, has much the same policy on supplying petrol to hypermarkets as Esso. It says it has given quotes to superstores and hypermarkets but always on exactly the same *terms as it offers to its regular* dealers.

The company says the oil surplus has made it far more profit conscious and it admits that life on the retail front is becoming increasingly competitive. Yet it says it is "not particularly anxious to supply superstores." The reason given is that it has a good relationship with its present network of retail sites and any moves to supply superstores could affect their "loyal" *outlets.*

But last month the company wrote to some 1,500 of its smaller retailers telling them that when their contracts ended it would no longer give them a rebate on the petrol they bought, nor maintain their pumps nor permit them to display Shell pole signs. This was because Shell found it was not breaking even on its contracts with these tiny, usually rural outlets. A number had already found themselves in financial difficulties and Shell claims that some were actually "grateful for being helped to shut down." Others will seek new suppliers.

The superstores are undoubtedly making some contribution to the current decline of small retail outlets and to the corresponding change in petrol buying habits. Hypermarket and superstore chains can turn the oil surplus to their own advantage. Some can even afford to sell petrol as a loss leader and a few do so. But small dealers are finding it increasingly hard to stay in business given the stern competition they are facing

Figures from the Institute of Petroleum show that 1,010 retailers closed down last year. The Petroleum Retailing Department of the Motor Agents Association says its expects dealers to close at the same rate this year.

The average dealer sells 165,000 gallons of petrol a year. But the type of small retailer *who is being pushed out of* business may sell only 20,000 gallons or even less. Meanwhile the hypermarkets and big motorway service stations can sell in excess of 3m. gallons a year. The superstores and other large dealers have tank capacities of 18,000 gallons or more whereas a tiny, rural retailer could have a capacity as low as 2,000 or 3,000 gallons. This is important because petrol stations that cannot take at *least 4,500 gallons in a single* delivery are usually asked to pay a surcharge on their supplies.

It is estimated that the average gross profit margin on a gallon of petrol to-day is between 3p and 4p. Yet in 1975, when the average profit margin was 6.1p per gallon, the Price Commission reported that petrol profit margins had been inadequate.

In addition to these gloomy statistics, the small petrol retailer is faced with the certain knowledge that the number of hypermarkets and superstores in the U.K. is going to grow. Tesco, which sells petrol from eight of *its superstores and from its* newly opened hypermarket at Irlam, near Manchester, is planning to incorporate petrol pumps with each large store it opens in future. The company says its petrol selling venture is proving "very successful." Sainbury's, which has four petrol selling stores plus a hypermarket which it owns jointly with British Home Stores, is also finding that petrol pumps are "a good draw," though it says expansion will probably be limited by planning regulations.

There are about 100 Co-operative Society stores selling petrol in the U.K.—not all of them in the superstore class—and the Co-operative Wholesale Society has a hypermarket in Glasgow that sells petrol as a loss leader seven days a week.

ASDA—Associated Dairies—*sells petrol at 28 of its stores* and a further seven or eight petrol selling stores are in the pipeline. The company says it never sells petrol as a loss leader but is prepared to operate on much lower profit margins than most ordinary service stations. ASDA stores are also able to take delivery of 6,000 gallons of petrol at a time and this enables them to cut purchasing costs. All its petrol stations are self-service so it does not have high wage bills.

The company is aware that more and more small retail outlets are having to close down but it claims this is not the fault of the superstores. It says this is mainly the result of the oil surplus which has brought about a rationalisation of petrol retailing outlets—and would have done so regardless of hypermarkets and superstores operating in the field.

'Could cut up rough'

ASDA *does* have one long term worry about its petrol sales. Despite a happy relationship with Mobil which has been supplying ASDA stores for three years, the company fears that the major oil companies "could cut up rough" once the present European petrol flood dries up. ASDA insists that the oil majors will not "stand by and see their market share of the petrol selling business eroded." It says there *is* a possibility that the oil companies could take a much more stringent line about whom they will supply with petrol and the terms on which they will do it.

At the same time, ASDA feels there will never be enough superstores and hypermarkets in Britain to pose a really serious threat to the oil majors and their established retail out*lets. And there is some evidence* to suggest that planning regulations will act as a curb on the expansion of petrol selling hypermarkets and superstores.

Yet planning permission is not impossible to obtain. And it would seem likely that in the next few years Britain will go a long way towards following current trends in France and Germany.

France is the land of the hypermarket, but there these *vast emporia* have had less effect on petrol prices than in Germany or in the U.K. The reason is that French petrol prices are fixed by the Government through the Direction des Carburants and though differen*tials vary from region to region* they merely reflect transport costs. The French hypermarkets are allowed to undercut traditional filling stations but the extent to which they can do so is also controlled by the Government. They cannot normally offer more than five or ten centimes off the standard price of a Frs.2.50 litre of petrol—2 to 4 per cent.

In Germany, where there is no price control, hypermarkets and supermarkets sell petrol as a loss leader. They undercut the retail outlets of the oil majors by as much as 10pf. a litre—between 8.5 and 10 per cent—and they also undercut the "free" petrol stations—equivalent of free houses in the U.K. beer trade—by up to 4pf. a litre. Earlier this year British Petroleum announced a phased price rise of 4pf. a litre but in the event *its retail outlets* have increased their price by only 1pf. a litre. With such strong competition from the hypermarkets and the free stations, it was evident that BP—and Shell, which later followed suit — were being far too ambitious.

It is clear that the oil majors are far from happy about the growth of petrol selling superstores and hypermarkets in the U.K. Some of the largest are responding to the opportunity of supplying the superstores with thinly veiled hostility. And once the *oil* surplus ends and the major companies come into their own again, that veil, gossamer-*like as it is, will probably* be torn down completely.

The oil companies are powerful, yet they cannot turn back a strong commercial tide any more than Canute could turn back the waves. As the public comes to expect the convenience of one-stop drive-in shopping and as more and more small retailers close their doors, the petrol-selling field will be left open to the big dealers, the garages that specialise in car repair and maintenance—and to the superstores.

The big superstore chains will be able to offer customers comparatively cheap petrol no matter how much the oil majors charge for supplies — simply because their petrol pumps are a sales draw and not a main source of income. If pushed, they could buy in Rotterdam.

Although their growth may be limited in the future by existing urban development and by planning regulations, their numbers will still increase. Ultimately there is no real reason why *British motorists should not* adopt the same petrol-buying habits as their counterparts in France and Germany.

Letters to the Editor

Houses

From Mrs. G. Caulton.

Sir,—Mr. Peter Shore threaten*ing to further restrict building* society funds states "people are holding back their houses from the market because they have this inflationary expectation." Is this not a fallacious argument? The majority of people sell to re-purchase in another locality. This "profiteering," as Mr. Shore seems to suggest, only results in higher stamp duty, solicitors' fees etc. In effect the seller is working more and more at a loss with the inflationary spiral, to purchase a comparable property.

Mrs. G. Caulton.
"Willow Brook," Hedge Lane, Pylle. Shepton Mallet, Somerset.

Schizophrenia

From Rowena Mills.

Sir, — I never cease to be amazed at the schizophrenia of *the Labour Party's attitudes* towards industry, and Roy Hattersley's intention to institute a further probe into mergers simply served to reinforce this.

His intention is to assess the degree to which the mergers of large companies, particularly those holding an oligopolistic position in individual industries, are "against the public interest." How can be possibly take this attitude at a time when his Party is planning more and more nationalisation, which, after all, *is nothing more than achieving* the biggest merger of them all! I find his attitude particularly reprehensible at this time when his Party is implementing a strategic approach designed to culminate in the nationalisation of the building industry.

First he paved the way by public expenditure cuts in investment and capital spending, thus undermining the future of this industry. This resulted in an all-time high in bankruptcies in the building industry. The next step was to propose that an increasing amount of work (out of a decreasing total) should be taken over by the provenly uneconomic local authority direct labour departments. Next, for those misguided enough to consider setting up on their own in this industry, the withholding of the vital 714 licence to work from a very, very large number of applicants has served further to prepare the ground for nationalisation.

For students of politics this path is all too familiar: the frighening-off of investment, the introduction of State-subsidised competition and the inhibiting of efficient new competition from that stalwart band of self-employed who are even now prepared to stake capital and career on their own ability.

So when Mr. Hattersley is considering the extent to which mergers are "against the public interest" I suggest that he reflects that in proposing to nationalise the building industry he is proposing to set up the biggest merger of them all — and would thereby be bringing under public control an industry which accounts for more than one-tenth of our GNP.

Rowena Mills.
West Grays, Highercombe Road, Haslemere, Surrey.

Transport

From the Director, National Materials Handling Centre

Sir,—Under the headline "Busways could solve city congestion" (Technical Page, March 15) you gave details of yet another scheme for passenger transport in cities.

One of our current research *interests* is the problem area of city centre goods deliveries. Goods and passengers are, by and large, trying to get to the same locations. It should not be difficult to design a transport system which can carry passengers combined with an off-peak service for goods. *This could be used in* conjunction with goods depots and local delivery by electric vans to further reduce noise and congestion.

The main reason why many forward-looking passenger schemes of the type proposed by Daimler-Benz and others have been put into abeyance is likely to be their financial viability. This must surely be improved if a combined goods/passenger solution is achieved.

Can anyone tell me if a combined solution has been attempted? If not, why not?

John Williams.
Cranfield Institute of Technology, Cranfield, Bedford.

Inflation

From Mr. H. Cole.

Sir,—The measurement of inflation on the basis of year-on-year comparisons is indeed open *to question — but on precisely* the opposite grounds to those suggested by Mr. Kenna (March 11).

During 1978 it is possible for the rise in the retail price index in each successive month to be below that for the preceding month, and yet for the year-on-year comparison to start rising back towards double digit inflation in the second half of the year.

This is simply because the occurrence of a monthly rise of around 0.7 per cent., declining steadily to 0.4 per cent. will be higher than the corresponding figures for the same month of 1977 until the late summer, and will then be below them.

Common-sense would suggest that in such circumstances inflation was declining, but the adherents of the year-on-year basis would start to become alarmed by about July, and would, on all precedents, be clamouring for drastic policy changes in the autumn — on entirely false evidence.

Of course, it may well be that inflation will not show a steady month-by-month abatement, but it is necessary to analyse it on a short-term basis if mistakes are to be avoided. This is plain from the complete failure to realise that, since April 1977, the annual rate of inflation has been barely more than 5 per cent. So we have had single-figure inflation for ten months — but the mis*leading presentation of the facts* has ensured that we lost any moderating effect on wage negotiations which might have resulted from earlier realisation of the trend.

Harvey R. Cole.
9, Clifton Road, Winchester.

Trade

From Mr. T. Arthur.

Sir,—Geoffrey Owen (Lombard, March 20) may well have accurately forecast the shape of events in the near future. For those of us who are foolish enough, however, to retain some concern for principles and for what should happen, it was a pity that his article condones an eroneous although near-universal stance. He argues that the American protectionist lobby is on strong ground if foreign competitors are aided by their own Governments. The same *cry of "unfair competition"* is repeated ad nauseam by British producers, but the case is fallacious on two counts.

In the first place, retaliatory protection cuts off the nose to spite the face. Whether or not *the price advantage of imported* goods comes from natural sources (such as a better climate for oranges in the Mediterranean than the U.K.) or artificial sources (such as protection in the foreign country) is immaterial. The point is that they are cheaper than the cost of production here and therefore of net gain to the population: dumped goods are a much better bargain than expensive ones.

Protection does not increase employment. It preserves or in*creases jobs in the protected* industry at the expense of jobs elsewhere. Either taxpayers (via subsidies) or consumers (via being denied access to cheaper goods) pay for this protection and therefore must spend correspondingly less in other areas of the economy.

The whole idea of protection, whether retaliatory or not, strikes at the very root of exchange and the rising of standards through efficient allocation of resources: it places producers (the means) above *consumers* (the end).

One wonders when light bulb manufacturers will start lobbying for protection from the unfair competition of the sun. After all, sunlight is an import, and think of all the extra jobs in the lighting industry its prohibition would bring. At least such a policy could hardly be called racialist, which is more than can be said for most other protectionist measures!

T. G. Arthur.
3, Yateley Road, Edgbaston, Birmingham.

Land

From Mr. R. Grinham.

Sir,—Mr. Brady (March 18) asks how a land owner, by persistently withholding his land from the market, raises his future rent. He does this in two ways: 1—the fact that at any *given time a proportion of sites* are withheld from use increases the rent that can be demanded for the use of the others, 2—as land (usually) increases in value over time, the rent that the owner can demand in (say) five years time will be significantly higher than the rent he can demand to-day.

It pays the land owner to keep the site idle, but society as a whole suffers because production cannot take place on that site. The landowner is exacting a *larger slice of a smaller cake.*

Of course, land ownership under 100 per cent. land value taxation would be a "hollow sham." There would be no point in it. The distinction I was drawing was betwen LVT, where control is still in the hands of the individual, and land nationalisation, an entirely different proposition, where control would be in the hands of the state.

Under land value taxation land value assessments would be based on rents actually passing, but this, of course, means *market* rents. Rents at artificially low levels would be ignored and all land would be assessed whether let or owner-occupied. There is no difficulty in valuing land in this way; it was done twice, at Whitstable, in 1963 and 1973.

Mr. Brady forecasts chaos under LVT. How does he then reconcile the fact that in those cities of the world where a measure of LVT is in operation, a) there are no idle sites, b) there are no slums or dereliction, c) no misallocation of land use. And they do raise all their (local) revenue from land values?

R. C. Grinham.
Polperro, 12 Kimberley Way, Chingford.

Wealth

From the Director, Institute of Practitioners in Work Study Organisation and Methods.

Sir,—Mr. E. G. Wood (March 20) is right to stress that wealth must be created before it can be shared. There is a prevailing attitude that wealth is standing by waiting to be distributed rather than that it must be *continually created by turning* our resources into marketable goods and services.

As has been pointed out, it is the increase in the size of the non marketed sector of our economy as compared to our competitors which is a major cause of our present problems. Those working in the non marketed sector want to be paid in money which will buy those goods and services which go to make up our modern standard of living. Without those goods and services, provided for the large part by manufacturing industry, there is no increase in prosperity.

Industry requires profits to survive. Unfortunately profit still seems to be a dirty word but seen in the context of added value it only forms a small part of the wealth creation process. Nevertheless it provides a stimulus to growth lacking elsewhere in the economy and should be seen in this light.

One of the ways of getting the message over would be the greater use of AV as a communications medium whereby the creation of wealth is seen as essential before it can be distributed either to employees or the government.

Edward A. King.
1 Cecil Court, London Road, Enfield, Middlesex.

The Budget: not a full bowl of cherries

By PETER RIDDELL, Economics Correspondent

MR. DENIS HEALEY, the Chancellor of the Exchequer, had always hoped that 1978 would be the year when (in a characteristic phrase) he would be able to pick the cherries from the trees after the hard years of self-denial since 1974. But the plan has not worked out quite as he might have wished, or indeed expected a couple of months ago.

Admittedly, the economy is, for the first time since 1973, likely to grow by a noticeable, if hardly spectacular, amount and the rate of price inflation is at long last back down into single figures. This presents a more favourable economic background than for the last few years. But the hopes, which were widely entertained last autumn, that the economy would be able to expand for several years on the back of North Sea oil and free of previously constant balance of payments constraints have proved to be short-lived.

Mr. Healey's freedom of manoeuvre is thus strictly limited as he prepares what will almost certainly be his last major spring Budget (with one or more mini-packages possibly still to come). This should not prevent the Budget on April 11 from being the most generous—in terms of income-tax cuts—that Mr. Healey has introduced. It should provide a net stimulus in 1978-79 of £2bn. or so. But it does mean that the emphasis is likely to be on a cautious approach towards the next year or 18 months.

Deterioration

The reason is principally the deterioration in the external background. Last October, when Mr. Healey presented his mini-Budget, the Treasury was forecasting a large current account surplus in 1978 (about £1.5bn.) with a sharp growth in exports on the basis of a sizeable rise in world trade and an unchanged exchange rate. Both these assumptions have been undermined with the result that a current account surplus for some years can no longer be safely assumed.

The prospect of only a slow growth in world economic activity is the most alarming change since last October. Instead of an increase in world trade in manufactured goods of 9 per cent. in 1978, as projected by the Treasury last autumn, the latest forecasts are for a rise of only half this size. Indeed, the economies of the main industrialised countries are unlikely to grow in real terms in 1978 by much more than the 3½ per cent. rate achieved last year. That would not be enough to bring down world unemployment.

This outlook, and the threat of a new recession in 1979, accounts for Mr. Callaghan's visit to Washington to press his five-point programme of action—for co-ordinated boosts to demand in all the main economies, for stabilisation of currencies, for energy conservation, for control of capital flows and the avoidance of protectionism.

The U.K. has been pressing for rapid progress to these goals—somewhat to the annoyance of some other members of the EEC—though it now looks unlikely that any significant fresh stimulus to activity will be agreed, or given, until midsummer at the earliest. The West German Government, to which offers look to contribute a major part of any joint reflationary action, has shown a great reluctance to take, or even to consider, further measures until the late spring.

But even if a joint programme could be agree dat the Bonn economic summit of leaders of the seven major Western countries in late July, the impact would not be felt until the end of the year, and in any case would probably only give a modest boost to growth rates which are already low.

This clearly has worrying implications for a country as dependent on foreign trade as the U.K. with exports of goods and services accounting for roughly a third of Gross Domestic Product. Moreover the deterioration in trade prospects has occurred at a time when the price competitiveness of British exports has been affected by the rise in the pound. The assumption of an unchanged exchange rate which was made in last October's forecasts was invalidated within days when massive inflows of foreign currency—$3bn. in October alone—forced the Government to stop holding down the exchange rate.

The rise in sterling has been somewhat smaller than many originally hoped, or feared, and indeed the rate has been declining against the major European currencies in recent weeks—there has been a drop of over 4 per cent. in the trade-weighted index against a basket of other currencies since the end of January. This trend has hardly been mentioned in hWitehall, apart from a whisper, because of the dramatic fall in the pound two years ago which followed the clumsy tactics of the authorities, and because of the results for the dollar of last summer's policy of benight neglect in the U.S.

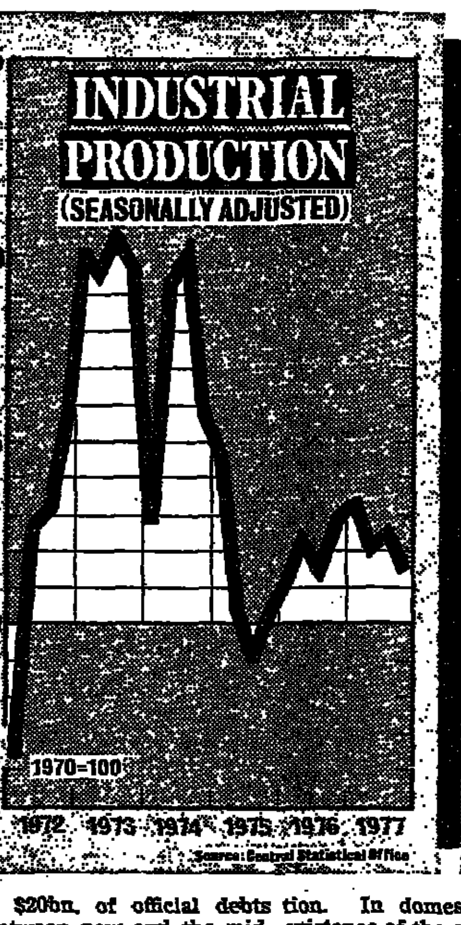
But the "discreet depreciation," as it has been described in the Treasury, is quietly welcomed and has left the trade-weighted index only 2¼ per cent. above its late October level when the pound was set free. While there is considerable controversy about the impact of exchange rate changes, in either direction, on trade performance and on levels of economic activity and inflation, the rise in sterling since last October has not helped the prospects for trade and output later this year.

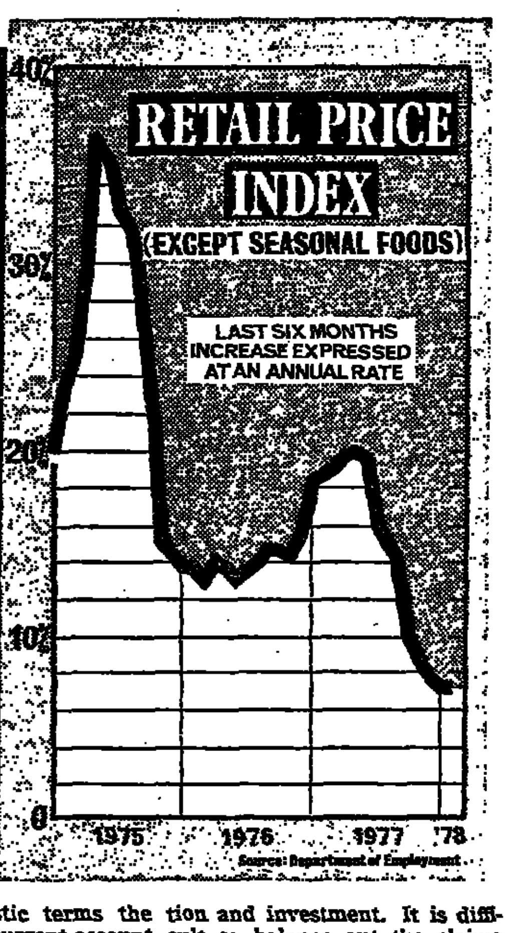
Exchange rate

In the short-term, however, the favourable price effects of a higher exchange rate should keep the current account in substantial surplus while the unfavourable effects on the volumes of both exports and imports should not appear until the second half of the year. Although most forecasters are still projecting a surplus of £1bn. to £1½bn. for 1978 this is likely to be heavily concentrated in the first half. On the basis of a likely net Budget stimulus of around £2bn., the pessimists believe that the current account might only be in small surplus, even in deficit, by the end of the year or in the first half of 1979.

But does the current account matter? It is certainly arguable that in a world of large and persistent oil-producer current account surpluses—$25bn. to $30bn. this year—together with a few billion dollars from Japan and West Germany, it would be wrong and unnecessarily contractionary for other countries to set a large current account surplus as a central objective. On this view the U.K. should be able to refinance any deficit without trouble.

The counter view—generally accepted in Whitehall as Mr. Healey made clear earlier this week—is that the U.K. should aim for slightly better than balance on the current account over the next couple of years. This is not necessarily because Britain will actually repay all of its $20bn. of official debts due between now and the mid-1980s, but because the task of repaying some of the loans and refinancing a large part of the remainder will require the maintenance of a favourable financial climate.





The markets are unlikely to look favourably on a rapid move back into current account deficit so soon after a return to surplus. Ironically, the existence of North Sea oil has made it more, rather than less, important for the U.K. to aim to secure a small current account surplus. North Sea oil production contributed nearly £1.4bn. to the current account last year, accounting for almost all the improvement and is expected to have a net impact of just over £2¼bn. in 1978, according to the latest estimates from the Organisation for Economic Co-operation and Development. On this view, the fact that the temporary bonus of North Sea oil will more than account for any current account surplus makes it all the more important for the U.K. to avoid a return to deficit.

North Sea oil can be seen essentially as providing a little more flexibility in a tight position. In domestic terms the existence of the current account constraint means it will be difficult for the U.K. economy to grow by much more than its long-term growth in productive potential without running into deficit. This puts an upper limit of around 3½ per cent. on the short-term rate of growth but unless there is a significant improvement in industrial efficiency. However, a rate of economic growth of 3½ per cent. would not be enough to reduce the level of unemployment, at present 1.4m. for adults, to below 1m. by 1982.

Apart from the external constraint, Mr. Healey also has the need to maintain monetary control with the rate of growth of the money supply running at slightly above the Government's 9 to 13 per cent. target range for the current financial year. It is likely that the target will be changed to a more flexible one for the next financial year though the upper limit will probably be roughly the same.

This restricts the amount by which the Government can cut taxes and boost its borrowing at a time when the personal sector and industry will be increasing their demand for bank loans to finance new consumption and investment. It is difficult to balance out the claims exactly but the need to allow for some rise in private sector loan demand will probably restrict the public sector borrowing requirement to somewhere below the £8.6bn. ceiling agreed with the International Monetary Fund for 1978-79.

Against these constraints, Mr. Healey faces plenty of pressures for substantial reflation—amounting to between £3bn. and £4bn.—from the TUC and Labour Party. The sluggish level of activity, hardly changed over the last year, high unemployment and the decline in the rate of price inflation—in single-figures for the first time for four and a half years—are regarded as having created the opportunity for a significant stimulus.

It is true that significant progress has been made on the inflation front and that the rate of increase in earnings of possibly around 13 to 14 per cent in the current pay round is a good deal lower than many people feared last summer. While a faster rate of expansion than recently might not re-ignite inflationary pressures immediately in view of the large amount of spare capacity in industry, many economists and official advisers would place more emphasis on the shortage of skilled staff apparent in many industries and the possibility that the rate of inflation might start rising again anyway in the autumn

There is also concern about the way in which the recovery is developing with consumer demand rising sharply—up perhaps 4 to 5 per cent. in real terms during 1978 as a whole—but export growth remaining sluggish. The U.K.'s already high level of import penetration has apparently increased further in the last year. During 1977 imports of consumer goods rose by nearly 14 per cent. while spending on U.K. produced items was flat. This is the external constraint with a vengeance. It also limits the incentive for U.K. companies to boost their investment. Some cynics are surprised at the recovery in capital spending so far—up 8 per cent. in real terms in the manufacturing sector in 1977—though it is mainly of a replacement character.

Stimulus

The official conclusion from the evidence of a pick-up in consumer demand since last autumn, not yet translated into a significant rise in industrial output, is that any budget stimulus should be modest in view of the external constraint. In practice this indicates a figure of around £1.5bn. to £2bn. net in 1978-79, though rather more in a full financial year.

Mr. Healey, while sharing the general official analysis, may not want to be quite as cautious. This is partly because of his understandable scepticism about the forecasts and his political instincts and ambitions in what is likely to be election year. He does not want to have the reputation which Mr. Roy Jenkins, unfairly, attracted for his neutral Budget in 1970 ahead of the June election, which Labour lost. The result of these constraints and the political calculations could be a net stimulus of £2bn., or slightly more, in 1978-79, and nearer £3bn. in a full financial year.

Mr. Healey and the Prime Minister have made it clear that the bulk of any stimulus should come from a reduction in income-tax. The Liberal Party has urged very large cuts in income-tax, partly offset by increases in indirect tax, notably the employers' National Insurance contribution. Mr. Healey is likely to want to make only a small gesture in this direction because of the effect on shop prices of any substantial increase in indirect taxes. A rise in the excise duties, mainly on alcohol and tobacco, in line with inflation would add about 1 per cent. to the retail price index and raise roughly £400m. This looks like being as far as the Government will go though it would allow a slightly larger cut in income-tax.

The Government has already said it wants to help those at the lower end of the scale, either by introducing a reduced rate band for those starting to pay tax or by further increases in allowances. The former course has been strongly urged by the TUC and is supported by the Prime Minister. But it is very expensive in terms of revenue. A rise in allowances seems to have wider acceptance within Whitehall because it takes a large number of people out of the tax net altogether, reducing some of the overlap with the social security system.

These moves make a significant cut in the standard rate of tax, at present 34 per cent., less likely. Further up the scale Mr. Healey may repeat his action of last year by raising the thresholds of taxable income at which higher rates are paid. While he is being strongly urged to cut the higher marginal rates this would provoke strong opposition from within the Labour Party. In addition, there are expected to be measures to aid small businesses, mainly by raising thresholds for certain taxes.

The whole discussion of the Budget has become very open this year, not only because of the complications of the still-unresolved talks with the Liberals but also because some additional public spending is being considered by the Cabinet. The size of the additional spending—the timing of the rise in child benefits and the possibility of further expenditure on the Health Service—has not yet been determined and it will not affect the tax cuts.

What Mr. Healey will not be able to do — in the first live radio broadcast of a Budget speech — is to hold out any promises of a substantial drop in unemployment.

Weekend Brief

Far flung

IF YOU live in London and want to holiday this year anywhere west from New York to LA the world is your oyster. Walk up, hop on a jet and for £59 Freddie Laker and the rest of the big boys (at slightly extra cost) will take you there straight away.

Not everyone is quite so pleased with the cheap Atlantic fares. Travellers within Britain complain frequently and bitterly at the high cost of getting around this country, let alone to America. Anyone living in Lerwick, in the Shetlands, has to pay £61.50 just to fly the 700 odd miles to London even before he starts his holiday. And as it is £61.50 to get back, a family of four heading for the Costas has to pay around £500 to reach Heathrow before they even take off on the package tour.

British Airways admits that fares are, mile-for-mile, higher in this country that on the longer, international hauls, but points out in defence that it can get so much more out of a plane on a long-distance run. A big jumbo travelling the world is in the air for 14 hours a day compared with six hours for a short-haul jet. And it is down-time, as the airline men describe time on the ground, that costs money.

The real difference though is that internal fares are cost-related, whereas some overseas routes, to Scandinavia, for instance, are market related. And on the North Atlantic, if one airline, like Laker, offers a low fare, then all the others have to follow suit or lose some of the action.

One airline man said that you have to pay for living far from the centres of civilisation, whether its £2 for a bottle of beer in Abu Dhabi or £61.50 for a ticket from Lerwick." This assumes that London is synonymous with civilisation, a premise which not only the burghers of Lerwick would question. Perhaps the answer is a better integrated traffic system, so that instead of having to compete with the railways on short hauls to Manchester or Newcastle the airlines could put more enterprise into serving, and servicing more cheaply, our far-flung isles. Such a policy would bring smiles to a lot of people in Lerwick and Kirkwall and Wick and all sorts of other places.

The best sellers

Gordon Thomas and Max Morgan Witts know a thing or two about writing best-sellers. Their latest book, Ruin From The Air, an account of the atomic bombing of Hiroshima, has already sold 3.5m. copies in all editions and will shortly be filmed. Indeed, four of their six books are either being filmed at present or will go into production this year at combined budgets of $55m.

But when you've done Hiroshima, to say nothing of the volcanic eruption on Martinique and the San Francisco earthquake, what do you turn to next? That was the question they faced last year.

First off, the Playboy Press in New York asked them to write about the battle for Stalingrad, which seemed a good idea until Thomas and Morgan Witts made a few inquiries of their own and discovered there are at present 97 books in print around the world on the battle for Stalingrad. Other publications suggested they reconstruct the El Alamein campaign or the Lockheed scandal; but there were objections to those ideas, too.

Finally, like all good writers, they caught the next plane to Hollywood, and cast around. One producer wanted a book about Senator Kennedy's escapade at Chappaquidick. He wanted to call it A Bridge Too Far.

"Finally," says Thomas, "our producer at Fox, Frank Levy, had The Idea. Levy is 29, looks like a handsome Jerry Lewis, talks soft and is very hot property. He said he would get NBC's research department to test the marketplace for an idea: in other words, for the very first time, modern market research techniques would be used to determine what people wanted to read, why they wanted to read it and when they wanted to read it.

"Fired by Levy's enthusiasm, NBC ran a series of national market polls and by November they had the answer: people were worried about losing money; people wanted to read about people losing money; people wanted to know how not to lose money."

Further research indicated that 98 per cent. of those polled wanted to read about the Wall Street crash of 1929—next year is the 50th anniversary. What is more, the research produced the perfect title: The Day America Died.

What happened next was a total reversal of the procedure by which authors normally write a book first, sell it to a publisher and finally, if they are lucky, watch it auctioned off to Hollywood. With The Day America Died, the process worked in reverse.

First, NBC offered them $100,000 to write a five-hour mini-series, a sort of Wall Street Behind Closed Doors. "We smiled politiely," says Thomas, "and said we were authors, not mini-series writers." Quick as an agent's handshake, Levy was back with a counter proposal. Supposing they threw in a feature film as well, re-cut from the mini-series, for world-wide distribution? Were we game? By now we were. We still had no book but we had a film and a TV series."

So they flew to New York for talks with their agent, Jonathan Clowes, and inside a week Doubleday had come up with one of the biggest advances ever paid for a non-fiction book: $500,000. Next, still working backwards, so to speak, Reader's Digest offered to serialise it and put up its international research facilities. The co-authors had still not committed a single word to paper, but in no time at all Jonathan Clowes had pre-sold the book around the world. (Hamish Hamilton will publish it in the U.K.)

Egg boxes

Judging by early reports, signs are that the British chocolate confectionery industry suffered something of a setback over the past 12 months. The main cause, doubtless, was the hair-raising escalation of the world cocoa price in the early part of last year. It zoomed on to new records of more than £3,000 a tonne in July. Since then it has tumbled to less than half the peak levels, and is now heading up towards £2,000 a tonne again. At this time two years ago, the price of cocoa was about £750 a tonne.

Industry spokesmen say that following a 5 per cent. increase in sales of chocolate confectionery during 1976 there has been a 2 per cent. drop during the 12 months just passed. Not that the British have stopped indulging their sweet tooth, mind you. They have made up for the cut-back on costly chocolates by eating 3 per cent. more sugar sweets.

But it is comforting to report that in spite of the fall in sales of chocolate proper, the Easter egg rolls on relentlessly, apparently picking up sales year after year.

Not that the British have stop

This year, for example, Rowntree-Mackintosh boasts of sending 50m. Easter eggs to market—1m. more than last season. And this pattern seems to have been repeated elsewhere in the industry.

At Cadbury Schweppes, where they estimate the total value of the U.K. Easter speciality market at £60m. a year, shipments of "creme" eggs start in early January.

Cadbury Schweppes hopes to sell 200m. of them this year at 9p each. Second most popular egg is the simple, moderately cheap chocolate shell filled with favourite brands of children's sweets and decked out in modish packs with suitable foil, frills, geegaws and characters from Comic Cuts. Anything, it seems, which will distract the recipient's attention from the thinness of the chocolate shell.

CONTRIBUTORS

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Economic Diary

MONDAY—National Association of Schoolmasters and Union of Women Teachers conference opens, Harrogate.

TUESDAY — Mrs. Shirley Williams, Secretary for Education, addresses National Union of Teachers conference, Blackpool.

WEDNESDAY — Quarterly analysis of bank advances (mid-February). Building workers pay talks resume. General and Municipal Workers Union delegates meet on Electricity Council pay offer. Mrs. Shirley Williams speaks at NAS/UWT conference, Wine and Spirit Association statement on its Budget proposals.

THURSDAY — Department of Employment Gazette will include unemployment (February-final), employment in the production industries (January), overtime and short-time working in the manufacturing industries (January), and stoppages of work due to industrial disputes (February). Publication of Energy Trends.

FRIDAY — Mrs. Margaret Thatcher, Conservative Leader, at Food and Drink Industries Council luncheon, Hotel Inter-Continental, W.1. Forestry Commission annual report. Confederation of British Industry economic situation committee meets.

SATURDAY—Electricity prices increase. National Giro increases amount available on personal loans and cuts interest charge. Coal to be sold by metric measurement. Higher rates for British domestic air fares. British Airports Authority increases airport landing fees in London and South East—plans for levy on passengers to cover security costs also come into effect.

COMPANY NEWS + COMMENT

Coates Bros. level after second-half fall

AFTER A buoyant first half, pre-tax profit in the second six months at Coates Brothers and Co. dropped from £5.11m. to £4m. to leave the figure for all 1977 unchanged at £8.84m. against £8.85m. Turnover advanced by 9 per cent. to £82.14m.

The directors report that severe competition pressure on margins developed in the important resin division, especially in Middle Eastern and European export markets. This followed the strengthening of sterling and a drop in raw material replacement costs, which had to be passed on in the market before exhaustion of higher priced purchases.

These factors together with the change in status of the Indian company, from *subsidiary* to associate, and a variation in exchange rates adversely affected group pre-tax profit by some £1.2m.

If the Indian company had been included the pre-tax profit for 1977 would have amounted to £9.09m.

After tax and minorities, attributable profit for the year was marginally improved from £3.54m. to £3.61m. Stated earnings per 25p share are 8.91p (8.72p) and a final dividend of 1.54992p net raises the total from 2.08151p to the maximum permitted 2.32488p, absorbing £940,686 (£842,214).

The directors add that other divisions at home and subsidiaries overseas substantially achieved their sales and profit targets and group liquidity was well maintained, so that net liquid funds increased during the year by £1.7m.

Principal activities of the group are the manufacture and sale of printing inks, printers' supplies, lithographic plates and chemicals, etc.

	1977 £000	1976 £000
Turnover	82,142	75,329
Profit before tax	8,844	8,846
U.K. tax	3,298	3,150
Overseas tax	1,606	1,793
Net profit	3,940	3,903
To minorities	329	367
Attributable	3,611	3,536

Overseas sales and profits have been converted into sterling at rates ruling at December 31 of each year. The 1977 turnover and pre-tax profit figures would have been higher by £3.1m. and £0.3m. respectively if foreign currencies had been converted at December, 1976, rates.

● comment

Coates Brothers' fortunes have tended to reflect fluctuations in the commodity market since its raw materials are largely oil based and the foreign exchange market in view of its international operations. So against the sharp advance in 1976, the figures showed a six per cent. decline in sales and a 22 per cent. shortfall in pre-tax profits in the normally strong second half. The setback —in sharp contrast to the buoyant first half—was largely due to a stronger pound and a drop in soya bean and linseed oil prices, which meant that Coates had to reduce the selling prices of its important resin products to remain competitive especially in the Middle East and Europe while at the same time incurring some stock losses. These factors coupled with the change in the status of an Indian company—from subsidiary to associate to comply with government ruling—knocked about £1.2m. off profits. Meanwhile, its other divisions at home and abroad performed satisfactorily. The "A" shares at 63p give a prospective p/e of 6.9 and yield 5.7 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BMK ...int.	Nil	—	0.81	—	0.81
Brown & Jackson	1	—	0.2	1	2.2
C. Clifford	Nil	—	Nil	Nil	2
Coates Bros.	1.55	July 1	1.39	2.32	2.08
Friedland Doggart	1.93	May 15	1.71	3.13	2.8
Gibbs & Dandy	1.82	—	1.63	1.82	1.63
Ingall Inds. ...int.	0.61	May 22	0.56	—	1.7
Jamesons Chocolates	2.41	—	2.07	3.52†	2.91
Jones & Shipman	3.73	May 17	3.31	5.38	4.81
Macallan-Glenlivet ...int.§	2	—	1.38	—	4.6
Hugh Mackay	1.85	May 16	1.85	3.25	3.25
W. J. Reynolds ...2nd int.	0.37	—	0.55	0.62	0.55
Sunbeam Wolsey	1.88	May 25	1.73	2.74	1.73
Utd. City Merchants ...int.	0.45	May 30	0.41*	—	0.75*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.261p on account of 1975. § To reduce disparity.

W. J. Reynolds hits peak £325,762

WITH PROFIT growth being maintained in the second half W. J. Reynolds Holdings, a Ford main dealer, reached a record £325,762 for the £325,762 for the whole of 1977, compared with £103,532 last time. *Turnover expanded from £13.67m.* to £19.25m.

Tax took £15,011 (£13,844) to leave the attributable surplus ahead from £89,688 to £310,751. Earnings per 5p share are given as 7.9p (2.2p) and the dividend total is stepped up to 0.6157p (0.55125p) net, costing £23,889 (£21,389), with a 0.3657p second interim.

It was announced on Wednesday that the company has accepted an offer of 45p cash per share from Oakstone, a private company, effectively shutting out Manchester Garages, which has subsequently withdrawn its eariler offer.

Friedland Doggart progress

FOR THE year to January 1, 1978, Friedland Doggart Group reports pre-tax profits ahead from £1.68m. to £1.82m.

After 24 weeks when the improvement was from £734,000 to £827,000 the directors said they anticipated results for the second half would follow the pattern of the first.

Tax for the 12 months takes £962,000 (£900,000) and £215,000 (£185,000) goes to inflation reserve, leaving £639,500 (£595,037).

Earnings per 25p share are stated at 13.95p (12.74p) and the dividend total is lifted from 2.8p to 3.127p with a final of 1.927p net.

The group manufactures domestic and industrial sound signalling equipment, injection and compression mouldings and plastic toys.

Tioxide second half setback

INCREASED costs and pressure on selling prices together with the strengthening of sterling, which reduced export profitability, resulted in 1977 second half taxable earnings at Tioxide falling from £8.94m. to almost breakeven at £130,000. The full year total was down at £10.74m., against £19.82m.

At halftime profit was maintained *at £10.61m. (£10.88m.).*

Stated earnings per share for the year were more than halved at 18.5p (43.5p) and the net total dividend is held at 14.5p by a final of 8.5p.

	1977 £m.	1976 £m.
External sales	137.95	130.88
Share assocs. loss	2.46	1
Pre-tax profit	18.74	19.82
Tax	6.36	10.19
Net profit	4.38	9.63
To minorities	0.47	0.47
Extraord. profits	1.54	—
Attributable	5.45	9.16
Dividends	3.07	3.07
Retained	2.38	6.09

The performance of Titanio SA, in which the group has a 45 per cent. interest improved during the year. On July 1, 1977, the group's interest in Western Mineral Sand Pty. and Ilmenite Proprietary was exchanged for a 40 per cent. interest in Westralian Sands and a small loss was incurred in the second half. This investment secures a long-term supply of feedstock for the production of titanium pigment.

Extraordinary credits of £1.54m. shown in the accounts this time include a surplus arising from this exchange of shares, the directors say.

The group's rate of tax for the year was distorted by the share of losses of associated companies which are not relieved for tax in the current year.

The company, which produces titanium pigments, *is jointly held* by ICI and Lead Industries Group.

The directors state that, although the LIG share of profits before tax of Tioxide is £4.3m. compared with £8.2m. in the previous year, the LIG consolidated profit for 1977 is about the same as the £20.5m. achieved for 1976.

The audited results of this company will be announced on April 20.

Upturn for Gibbs and Dandy

A SECOND-HALF advance from £179,497 to £270,597 resulted in pre-tax profits of Gibbs and Dandy finishing 1977 £96,702 higher at £403,472. Turnover for the year increased from £7.93m. to £9.03m.

Earnings per 10p share are given at 4.6p (3.55p) and the net dividend is lifted from 1.629p to 1.819p.

After tax of £214,843 (£160,278) the net balance emerges at £188,629 (£146,492).

Properties were revalued at December 31, 1977, and showed a surplus of £463,756.

The company operates as a builders' merchant, ironmonger, tool merchant, electrical wholesaler, etc.

Castlefield Klang Rubber down midway

Lower taxable earnings of £257,000, against £304,000, are reported by Castlefield (Klang) Rubber Estate for the six months to December 31, 1977. Turnover was down £43,000 at £633,000.

The profit figures are based on an estimate for the full-year proportioned for the six months, and produce proceeds have been *based on sales and receipts* to date and the valuation of unsold balance, the directors state.

Last year, net dividends totalling 9.8p per 10p share were paid from a record profit of £706,957.

The rubber crop harvested during the eight months to February 2, 1978, amounted to 1.76m. kg. (2.01m.) and the oil palm fruit crop 4,719 tonnes (4,459). The net average price realised on rubber was 41.1p (40.41p) per kilo and for oil palm fruit £31.23 (£37.71) per tonne.

	Half-year 1977 £000	1976 £000	Year 1976-77 £
Turnover	633	676	1,434,791
Trading surplus	292	213	374,177
Other income	82	125	256,111
Replanting expend.	37	34	75,235
Pre-tax profit	257	304	706,957
Taxation†	135	155	394,166
Net profit	122	149	312,791
Extraord. credit	—	—	28,789
Leaving	122	149	341,580

† Tax has been arbitrarily assessed.

Hanger Investments doubled

ON TURNOVER of £34.54m., against £27.36m. last time, taxable profit of Ford main dealer Hanger *Investments more than doubled* from £505,508 to a record £1,299,903 in 1977.

Tax takes £396,000 (£288,000), and retained profit comes out at £802,709 (£185,577). No provision was made for tax deferred in respect of capital allowances of £222,000.

The dividend is up the maximum permitted from 0.41015p net per 10p share to 0.46186p, and waivers amounted to £10.277 (£9.201). The company has close status.

Drake & Scull to pay dividend

A RETURN to the dividend lists for *Drake and Scull Holdings* was forecast by Mr. Michael Abbott, chairman, at the AGM.

He said that in the absence of unforeseen circumstances, an interim dividend will be paid to Ordinary shareholders with the release of the interim figures in mid-summer. Drake and Scull last paid dividends in 1972.

Mr. Abbott said that profitable trading in the first quarter of the latest year to October 31 had been at a slightly higher level than last year, and that this trend is likely to continue for the remainder of the year.

Pre-tax profit last year was £2.62m., and he said that despite the absence of any contribution from its South African company, he can see no reason why profits should not again be satisfactory.

In respect of the sale of Drake and Scull South Africa (Pty), he said all moneys in respect of the divestment had been received to date and there was every indication that the final payment would be made in January, 1979, as agreed.

The legal position with Tarmac, in relation to that company's failure to pay £750,000 on September 1, 1977, in accordance with an agreement between the two companies, remains unchanged. "Our rightful claim is being diligently pursued and a writ has been served. I must emphasize that we are confident as to the ultimate outcome of these proceedings," he said.

GHP advances to £1.8m.

For the 11 months to November 26, 1977, GHP Group announces turnover of £17.68m. and pre-tax profits of £1.82m. For the previous year the figures were £16.66m. and £1.3m. respectively.

After tax of £971,000 (£696,000) the net profit was £848,000 (£608,000).

GHP's activities include metallurgical, mechanical and electrical engineering. It is a subsidiary of Low and Bonar.

UCM improves to £2.3m. at halfway

DESCRIBING pre-tax profits ahead from £2.12m. to £2.34m. for the six months to December 31, 1977, as good, Mr. E. C. Sosnow, chairman of United City Merchants says, in a time of international uncertainty and pressure on currencies, they indicate the strength of the group.

He adds that trading since January continued to be active and gave the directors confidence in their ability to maintain the position. He looks forward to another satisfactory year. Profit for the last full year totalled £4.11m.

Net earnings per 10p share before and after conversion of the outstanding Convertible Loan Stock are 4.6p and 3.5p respectively, on capital increased by last October's one-for-nine scrip issue, and the interim dividend is effectively lifted from 0.405p to 0.45p net. Last year's adjusted total was 0.7488p.

The company operates as an international merchant, agent, and banker, and also manufactures leather.

	Six months 1977 £000	1976 £000
Turnover	39,001	36,984
Trading profit	2,401	2,183
Interest	65	66
Pre-tax profit	2,336	2,117
Tax	1,266	1,110
Minority profits	78	53
Available	992	954

Two subsidiary companies, Stimpson Perkins and Pharaoh Gane and Co. report taxable profits of £283,000 (£367,000) and £434,000 (£487,000) respectively on turnover of £3.12m. (£3.04m.) and £43.75m. (£43.71m.).

● comment

United City Merchants' shares fell 3p to 50p on the announcement of the 10 per cent. increase in taxable profits. This was to be expected for investors had become used to sizeable, currency boosted increases in the previous two half-years. While currency movements accounted for a large part of the slow-down in UCM's growth weak timber prices were another factor. Timber trading accounts for around a fifth of group profits, and world timber prices have been weakened following the Scandinavian devaluation. This came at a time when overheads were rising. The group's leather interests have been hit by keen competition from overseas suppliers, while motor trading has suffered to some extent from supply problems in the motor industry. However the banking interests have been supported by the increase of activity in barter dealing. At present levels the shares stand on a prospective p/e of 4.7, assuming that the first-half trend is maintained, and yield 2.5 per cent. on a maximum payout, covered over 12 times by prospective earnings.

Sunbeam Wolsey recovers to record £915,293

AS FORECAST at halftime Sunbeam Wolsey, hosiery and knitwear manufacturer, maintained progress in the second six months of 1977, with taxable earnings up from £303,921 to £552,293, to finish the year with profit of £915,293, against £457,921.

The total was marginally ahead of the previous record of £0.91m. achieved for 1973.

Sales this time jumped by almost £6m. to £20.93m. with home sales in the Irish Republic ahead from £8.89m. to £10.36m., and elsewhere up from £6.06m. to £10.57m.

	1977 £	1976 £
Total sales	20,926,609	14,954,000
Ireland	10,359,069	8,890,809
Other countries	10,567,000	6,064,006
Pre-tax profit	915,293	457,921
Tax	143,941	121,730
Net profit	771,352	336,191
To minorities	34,143	13,788
Extraordinary debits	52,035	*18,619
To capital reserve	52,035	†3,532
Dividends	280,598	187,137
Retained	456,611	133,315

* Credits. † From capital reserve.

There are still some companies within the group that are not earning an adequate return and further improvement in 1978 will depend on the success in achieving a more realistic return for these companies, the directors say.

Stated earnings per 25p share advanced to 8.52p (3.29p) and a net final dividend of 1.875p lifts the total to 2.7375p (1.725p).

At year end, cash and bank balances were better at £468,816 (£65,415) and bank and short term loans were down at £376,775 (£685,359).

Jones & Shipman improves

PRE-TAX PROFIT for 1977 of A. A. Jones and Shipman, manufacturer of high precision machine tools, improved from £1.74m. to a record £2.25m., after a rise from £731,000 to £828,000 at midway.

Turnover for the 12 months advanced from £11.55m. to £13.74m. and tax took £1.18m. (£0.89m.).

The net final dividend is 3.725p for a 5.375p (4.8125p) total and earnings per 25p share are shown to have risen from 13.93p to 17.86p.

ISSUE NEWS

L. Ryan re-quotation

L. Ryan Holdings, the Cardiff-based coal recovery and plant hire group which only came out of receivership last December, has applied to the Stock Exchange for a re-quotation of its Ordinary shares.

The 5p shares were suspended at 6p in 1975, and the group placed into receivership after it had run up debts totalling £3.8m. —while shareholders funds (according to records in the latest balance sheet) then showed a deficit of £376,000.

Prior to coming out of receivership last year the group revealed plans to repay its creditors in full, over a five-year period. In addition the group announced that it had negotiated a £800,000 cash injection into the group. About £½m. of this came from new equity and the remainder in the form of medium-term loan from the Welsh Development Agency—now the largest shareholder with a 25.35 per cent. stake.

The new shares were sold at 6p compared with a peak of around 30p prior to the group's collapse in 1975.

It is hoped that dealing in Ryan's shares will start on April 6. The group has no plans to pay dividends as these will depend upon future profitable trading and on prior provisions for the balance of cash still due to pre-receivership creditors.

Meanwhile the group's first awaited accounts since the crisis shows that pre-tax profits before minority interests in 1977 just topped £1m., on a turnover of more than £10.1m. After tax, profits are reduced to £558,245.

In the 34 months since March 3, 1975 the group has earned a pre-tax profit of just over £579,000 compared with a pre-tax loss of £3m. in the preceding 13 months. Shareholders funds urgently stand at £912,097.

In the intervening years the group has closed eight of its 12 U.K. coal recovery sites while the labour force has been cut from 550 employees to 280 employees.

Mr. Graeme Metcalf chairman says that he hopes to re-open a further site in the current year.

After losses of £2.4m. in 1974/75 the U.K. division turned in profits of £586,000 last year. But Mr. Metcalf says that this result was still disappointing, due in part to the industrial unrest which affected the power generation industry.

The group's Belgian operation, which is jointly owned with Royal Dutch Shell has turned round from losses of £709,000 in 1974/75 to profits of £426,000 last year.

Meanwhile, including the money still owed to pre-receivership creditors, the group had outstanding net debt of almost £2.3m. on February 28 this year.

BRITTAINS

In the event that there are insufficient applications for the Stock Exchange to grant a listing for Brittains £1.5m. convertible cumulative redeemable second preference shares then Equity Capital for Industry as underwriters will subscribe for all the Preference shares which will give it voting rights in Brittains of around 30½ per cent.

This would normally trigger a full bid for the company but the Take Over Panel has granted ECI a dispensation from making a general offer under Rule 34 of the City code on take-overs and mergers.

BMK £0.17m. loss after six months

FOR THE six months to December 31, 1977, Blackwood, Morton and Sons (Holdings), the carpet felt, jute yarn and towel group, reports a cut in trading profit to £261,839 compared with £1,027,190, and after depreciation and bank interest, there is a turnround from a £504,489 surplus to a pre-tax loss of £172,390.

Turnover fell from £13.79m. to £12.55m. and exports fell to £2.15m. (£2.55m.). After a tax credit of £36,000 (£146,000 charge) and an extraordinary debit this time amounting to £102,000, there was an attributable loss of £218,390, against a £358,489 profit.

A decision regarding the payment of a dividend has been deferred until full-year results are available—for all 1976-77, an 0.8125p net interim was paid from £196,000 taxable profit.

	6 mths. 1977 £	6 mths 1976 £
Sales	12,549,414	13,789,233
Trading profit	261,839	1,027,190
Depreciation	230,446	283,132
Bank interest	193,561	239,569
Loss before tax	172,390	*504,489
Tax credit	36,000	‡146,000
Net loss	116,390	*358,489
Extraordinary debit §	102,000	—
Leaving loss	218,390	*358,489

* Profit. † Including deferred tax. ‡ Charge. § Comprises cost of redundancy payments resulting from rationalisation of group's labour force.

No provision was made for unrealised currency conversion deficits in respect of overseas subsidiaries as it is expected that these will be more than covered by an anticipated net surplus on the disposal of the Canadian subsidiary.

The directors report that there was no improvement in demand during the period, as a result, it was decided to reduce the labour force and 218 employees were made redundant during the period at a cost of some £212,000 before tax. They point out that there was also the loss of some £150,000 Regional Employment Premium which the company received in the first half of last year and which was withdrawn in January 1977.

Blackwood, Morton and Sons (Canada), made a loss of almost £70,000 in the six months to September 30, 1977 and in view of continuing losses it was decided to close down the Canadian factory unless it could be sold as a going concern. It is anticipated that the proceeds of realisation will exceed the book value of the investment and that, as a result, there will be a reduction in group overdrafts.

At home, consumer demand was very disappointing, say the directors. In overseas markets, sales were affected in the EEC and Australia by the high levels of unemployment and stagnant economic conditions, and in the Middle East and Nigeria by the reduced demand for oil by the industrialised countries.

Bids and Deals on Page 22

The firmness of the £ also affected export sales.

In the home market, the combination of increased wages, a lower rate of inflation and the anticipated lightening of the burden of personal taxation should be reflected in increased sales of group products in the forthcoming months, they state.

● comment

With the carpet industry still suffering the effects of overcapacity and low demand, BMK has followed last year's £0.26m. second half loss with another deficit, this time of £0.17m. First half sales are down nearly a tenth and reflect a volume slide of about 15 per cent. In Canada, where the contract market is particularly depressed, there was a turnround from a profit of £75,000 to a loss of £70,000, while the usually buoyant export division's profits dipped from £3.5m. to £2.15m. In addition, the company did not have the benefit of the now withdrawn Regional Employment Premium, which previously amounted to £0.3m. a year. With demand at its current low level it is difficult to see how the company can avoid incurring further losses in the second half. There is the possibility of some recovery following an increase in disposable incomes but volume sales will have to jump at least 10 per cent. for BMK to break even over the year. At 23p the shares give a market valuation of £1.76m.

Second half fall leaves Hugh Mackay at £0.31m.

ON TURNOVER of £7.84m. against £6.95m., pre-tax profit of Hugh Mackay and Co., manufacturer of "Durham" carpets, declined from £381,531 to £312,627 for 1977. At halfway an advance from £178,000 to £197,000 was reported.

Taxable profit for the full year was struck without the benefit of regional employment premium (approximately £67,000) and was after payment of the "payroll tax" amounting to some £28,000.

Stated earnings per 25p share are 3.27p (3.77p) and the dividend is held at 3.25p net with a final payment of 1.85p.

	1977 £	1976 £
Turnover	7,842,738	6,949,298
Profit before tax	312,627	381,531
Tax	151,000	195,000
Net profit	161,627	186,531
Dividends	160,768	*155,198
Retained	859	1,333

* After waivers.

paid amounted to £57,000 (£55,000) and depreciation to £73,000 (£64,000).

The net interim dividend is raised to 2p *(1.378125p) to reduce* disparity. For 1976/77 the final was 3.22211p.

Jamesons increases to £0.63m.

AFTER AN improvement from £255,381 to £267,639 at midway, taxable profit of Jamesons Chocolates, confectionery manufacturer, shows an advance from £593,645 to a record £634,375 for 1977.

Turnover expanded from £4.52m. to £6.45m. and tax took £324,725 against £300,091.

Earnings per 10p share are shown to have risen from 11p to 11.4p and the final dividend is 2.406p for a 3.516p (2.914p) net total, including 0.261p on account of 1975.

Chieftain will not oppose Target

Chieftain Trust Managers, who attempted to unitise Second Broadmount Investment Trust and ran up against opposition *from the company's directors,* have expressed considerable reservations about the effect which the counter scheme put up by Target Growth Fund will have on the prospects for unitholders in that fund. They believe, however, that the Target scheme, which has been agreed with the Board of Second *Broadmount,* will certainly be better for Second Broadmount's shareholders than no unitisation at all, and in consequence do not intend to oppose the scheme at the extraordinary general meeting on April 14.

Woodhouse & Rixson outlook

Although the directors of Woodhouse and Rixson (Holdings) continue with a policy of broadening its base by acquisition, more effort is going into the development both of existing processes and of new products, says Mr. G. S. Baker, the chairman.

Members are told in his annual statement that in those areas where the company has incurred losses in the past two years, these will almost certainly have been eliminated by the middle of 1978.

He reports that there are some *signs of modest increases in* profitability for open die forgings, an dthere is every prospect that the spring and trailer divisions will continue to add to the company's profit.

As reported on March 1, pre-tax profit dropped from £625,000 to £196,000 for 1977, on increased turnover of £12.13m. (10.49m.).

The dividend is raised from 2.0759p to 2.31806p net.

A statement of source and application of funds shows liquid funds decreased by £199,000 (£1,574,000) at year end.

Meeting, Sheffield, April 20 at 11.45 a.m.

Macallan Glenlivet sees profit rise

Announcing an advance in trading profit from £240,000 to £291,000 for the half-year to January 31, 1978, the directors of Macallan-Glenlivet, say they expect to show a modest increase on last year's profit which, at the pre-tax level, was £362,539.

First-half sales by the company, a distiller of malt whisky, rose to £1.02m. (£860,000) and interest

Results due next week

Next week is a busy one for life assurance companies—the Stock Exchange expects full-year results *from the Prudential, Pearl, Legal* and General, Equity and Law and London and Manchester. In addition, interest will be focused on half-time profits from Lucas Industries and finals from Reckitt and Colman, Ladbroke Group and Thomson Organisation.

Three major life companies are *reporting next week—Prudential,* Legal and General and Pearl. Investment income should also improve substantially despite lower interest rates. Pru's general business had an underwriting profit at the half year stage and its linked subsidiary Vanbrugh should boost profits following last year's market rise. The market is looking for a one-third rise in Pru's shareholders' profits. A similar rise is expected from L and G, with substantial reductions in general business underwriting losses and increased profits from its growing pensions investment management subsidiary.

A much lower rise is expected from the Pearl. At the half-year stage, it was still struggling to cut its general business underwriting losses and life profits could be affected by the prolonged industrial action by its agents. *The company does* not have substantial linked or pension business to offset these losses and growth will come from life and investment profits.

Equity and Law, and London and Manchester are also reporting next week.

Full year results from Reckitt and Colman due on Thursday are expected to show profits of £59m. before currency adjustments. But what the currency adjustment might be, analysts are divided on. So pre-tax estimates vary between £53m. and £55m., compared with £56m. Over three-quarters of the *group's goods are sold overseas* and it is here that analysts will be looking to see whether there is any sign of a resumption of growth in the group's developed markets, although most are expecting trading to be flat. Otherwise interest will focus on the group's pharmaceutical activities where there are high R and D costs and a long term development programme, as well as on the relatively new leisure products interests.

With the toolmakers' strike costing £11m. in lost production, Lucas Industries' first half results, due out on Thursday, are bound to disappoint. The stock market has been having the jitters ever since a Midland broker forecast full-year profits of between £65m.-£70m. at the end of January, but this is generally thought now to be too bearish. The general consensus is that the company will *turn in about £26m. (£34.7m.)* after six months and £80m. for the full year, which compares with £77.3m. last time. Significant growth is being achieved in Continental Europe, particularly with replacement parts, which account for more than a fifth of total sales.

Thomson Organisation is due to announce full year results on Friday. At the halfway stage trading profit was up from £6.24m. to £6.44m. reflecting a substantial increase from newspaper and publishing divisions and a loss in the travel division. The directors have already indicated that travel profits will be "significantly lower" for the full year with a group trading surplus not less than the £17.1m. earned for 1976. But as usual these figures will be fairly academic given the emphasis on the company's assets in the North Sea, which have yet to contribute to earnings.

Ladbroke's directors have already estimated in its offer document early this year—in the bid for Leisure and General Holdings—that pre-tax profits for the year ended January 3, 1978 would not be less than £24m. against £15.3m. The final figure due on Wednesday, which may be £300,000 to £400,000 more, will represent a jump of some 57 per cent. and reflect a substantial rise in casino earnings. Profits from this sector alone patronised largely by the very wealthy Middle Easterners—are likely to reach £10m., up 75 per cent. according to one estimate. This would contrast with an unexciting cash betting sector. The other sectors—holidays and hotels—should enjoy a good year.

Other results to note are preliminaries from United Newspapers (Tuesday), English Property Corporation (Thursday), Pye Holdings (Thursday) and Laird Group (Monday).

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
American Trust	Tuesday	0.42	0.68	0.5
APV Holdings	Thursday	1.782	3.218	2.032†
Aurora Holdings	Thursday	0.875	3.565	1.32
Barton & Sons	Wednesday	1.1	1.627	1.22§†
BBA Group	Thursday	0.716	1.4183	0.83†
Biddle Holdings	Thursday	2.0	3.977	2.0
H. Brammer & Co.	Tuesday	0.833	2.16	1.4
Brent Chemicals International	Tuesday	0.75	1.38	0.83†
Bridon	Thursday	2.1	3.951	2.381†
British Mohair Spinners	Thursday	0.715	1.745	0.715
Bronx Engineering Holdings	Wednesday	0.363	1.045	0.416†
Bruntons (Musselburgh)	Thursday	2.762	3.509‡	3.139†
A. F. Bulgin & Co.	Thursday	0.475	0.713	0.55
R. Cartwright (Holdings)	Thursday	1.0	1.418	1.5
Clifford's Dairies	Friday	—	1.733†	—
Chas. Early & Marriot (Witney)	Friday	0.315	1.439	0.315
Desoutter Brothers (Holdings)	Thursday	1.75	3.25	2.25
Dorada Holdings	Wednesday	1.654	2.48	1.65
Dufay Bitumastic	Tuesday	0.7	0.813	0.7
English Property Corporation	Thursday	1.25	1.05	1.25
Equity and Law Life Assurance Society	Wednesday	—	6.079†	—
Erith & Co.	Thursday	1.78	3.017	1.853†
Gaskell and Co. (Bacup)	Friday	2.178	3.38	2.48
J. Hewitt & Son (Fenton)	Thursday	—	0.924	—
Home Counties Newspapers	Wednesday	0.75	2.75	1.25
Kode International	Tuesday	0.704	0.785	1.65
Ladbroke Group	Wednesday	2.034	2.506	3.009†
Laird Group	Monday	1.31	1.32	1.46
Percy Lane Group	Wednesday	1.0	1.94	1.2
Legal & General Assurance Society	Wednesday	1.87	3.249	2.057
F. J. C. Lilley	Thursday	0.524	0.778	1.0
London and Manchester Assurance	Wednesday	2.253	2.83	2.54†
Lyle Shipping Co.	Friday	2.2	2.188‡	2.434†
Manchester Liners	Wednesday	1.0	4.025	1.0
Bernard Matthews	Friday	3.5	4.75	4.073†
Mixconcrete (Holdings)	Thursday	1.145	1.715	1.279
M. Mole & Son	Thursday	—	0.375	—
Municipal Properties	Thursday	—	4.582	—
North British Canadian Inv. Co.	Friday	0.633	1.417	1.0

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
Ocean Transport and Trading		3.494		
Prudential Assurance Co.	Thursday	2.2	3.752	2.508†
Pye Holdings	Thursday	Nil	2.9	1.225
H & J. Quick Group	Wednesday	0.599	0.323	0.8
Reckitt & Colman	Thursday	4.168	5.335	4.742†
Rolyon P.B.W.S.	Thursday	1.333	2.333	1.5
Rotork	Wednesday	1.055	1.058	1.17
Royal Worcester	Wednesday	1.93	3.77	2.178
Slough Estates	Wednesday	0.75	1.278	0.75
Stone-Platt Industries	Wednesday	1.905	1.33	2.304†
Thompson Organisation	Friday	0.833	1.07	0.899
Transatlantic Market Trust	Thursday	—	34.42	—
United Newspapers	Tuesday	5.5	7.816	6.07
Warne Wright & Rowland	Thursday	1.086	1.085	1.32
Wilkinson Warburton	Thursday	1.6	2.9	1.8
Winston Estates	Thursday	0.466	0.714	0.424†
Wolstenholme Bronze Powders	Wednesday	3.0	4.06	3.25
INTERIM DIVIDENDS				
A. Beckman	Wednesday	1.615	2.844	
BPM Holdings	Wednesday	0.883	2.175	
Bridport-Gundry (Holdings)	Friday	0.65	0.812	
City & International Trust	Tuesday	1.3	2.77	
Lucas Industries	Thursday	2.122	6.096	
LWT (Holdings)	Thursday	2.844	3.344	
R. P. Martin & Co.	Thursday	2.5	3.44	
A. and J. Mucklow Group	Friday	1.0	1.219	
Pifco Holdings	Friday	0.762	1.937	
Ricardo & Co. Engineers (1927)	Tuesday	0.95	1.664	
Sirdar	Thursday	1.15	1.649	
INTERIM FIGURES ONLY				
Henshor (Furniture Trades)	Tuesday			
W. J. Pyke (Holdings)	Friday			
Sanderson Murray and Elder (Holdings)	Friday			
U. U. Textiles	Thursday			

* Dividends shown net, pence per share and adjusted for any intervening scrip issue. † Includes compensating dividend due to change in tax rate. ‡ Second interim in lieu of final. § Includes second interim during this 18-month period.

UNIT TRUSTS

A warning to the small investor

THOSE OF YOU who like to play the unit trust field with relatively small amounts had better set yourselves to finding them a permanent home. For if last week's contretemps between the Department of Trade and the unit trust men has the threatened effect, you are about to find yourselves *persona non grata* with the latter.

Having had their pleas for higher management charges rejected by the Department, the unit trust industry is now talking *of the necessity of introducing* higher minima for investment, in order to reduce the numbers of very small and very unprofitable accounts. Mr. Edgar Palamountain, chairman of the Unit Trust Association, reckons that, at the present level of management charges, it's difficult for a management group to cover its costs on a holding of much less than £1,000. At the moment—as a glance at this week's offers indicates—most management groups will in practice accept a great deal less.

It is, it's true, difficult to see the point of investors putting such small amounts into a general trust. Their holding won't produce a particularly high income; and if their means are so straitened that they need to play it safe, the money would probably be put to much wiser use in a building society account. The specialist trusts are, however, a different matter.

It is eminently sensible for the small investor in search of income *to look to equities,* as well as fixed interest stocks and the savings media, for some of it: that way he can insure to some extent against the effects of inflation. And the income-oriented unit trusts, which will provide him (or her) with a high income now, the prospect of a higher income later, and protection in their spread against the risks of equity investment, are the best way of obtaining that equity exposure. The arguments in favour of the small investor's participation in the growth oriented specialist trusts are strong, though different. It may be possible to obtain a higher return, albeit at a higher risk, by eliminating the spread and going for just one or two of the underlying stocks: but very few small investors have the expertise required to do it.

The clutch of trusts on offer this week illustrate the virtues of each category. Three of them are high income trusts: Gartmore's Income Fund, Lawson's High Yield Fund and—a rather different animal, this one—Schlesinger's Preference and Gilt Trust. The first, the Gartmore Fund, is not one of the ultra high yielders, but it is an all equity fund, and can therefore be expected to produce steady income growth. Its record has been consistently good—not top of the trees, but very respectable —in terms of both income and capital performance. The second has a high fixed interest element to its portfolio, with some 42 per cent. invested in preference shares: that means that income *growth is likely to be slower than* with the Gartmore fund, but in compensation the immediate yield is very much higher, at over 10.5 per cent. For the Gartmore fund you need a minimum of £200 to invest: for that of Lawson £400.

Some recent weakness in the price of preference shares has put the yield on Schlesinger's Preference and Gilt Trust up to what is really a very attractive 12 per cent. The snag to this one is, of course, that the income won't rise—not unless the management succeeds in being extraordinarily skilful in its dealings. What's more, since an income trust can't afford to be disinvested for any length of time, its capital value will reflect every pause and shudder in the fixed interest market. Still, if it's income that you want this trust certainly offers it—to an investor with a minimum of £500.

The choice for those seeking capital growth rather than income is limited this week to an expression of faith in the U.S. economy. Both M and G, with its American and General Fund, and Chieftain, with its American Trust, take the view that although the bottom of the market may not yet have been reached, the downside potential is a great deal less than that available on the upside. You can invest in M and G's fund by way of either a lump sum (minimum £500), or a life assurance linked contract (minimum £10 a month). Chieftain requires a minimum of £250, but there is a monthly savings plan available as well.

Finally, a reminder from M and G that those who would benefit in respect of tax relief on life policies taken out in the current fiscal year, had better put their skates on. Qualifying policies taken out before April 6 may be backdated to the beginning of this fiscal year, and the capital sum paid to cover backdated premiums will qualify for tax relief. A choice of life-assurance linked investment in either M and G Recovery or M and G General Trust Fund is available.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Oakstone, a private company owned by Mr. T. J. Clemence, has stepped in with an agreed bid of 45p a share cash for **W. J. Reynolds**, the Ford main dealers. The £1.75m. bid has received the blessing of the Board of Reynolds, who have pledged acceptances in respect of 24.46 per cent. of the capital. Together with Oakstone's existing 25.77 per cent. holding, the offer is already assured of success, thus effectively shutting out the earlier offer by **Manchester Garages**. A cash offer of 73p per share will also be made to holders of the 5½ per cent. Preference shares.

Shares of **Gedong Investments**, an associate of Sime Darby Holdings, were suspended on Wednesday at 125p at the company's request following an approach, which may lead to an offer. Gedong Investments' main investment is a holding of approximately 1.1m. shares in Consolidated Plantations, a very strong market of late on buying from the Far East.

Northern Foods has improved its offer for **James Shipstone** and is extending it until April 7. Shipstone shareholders who accept will now retain the proposed final dividend of 11.335p net for each Shipstone Ordinary, announced on March 8. Northern Foods' offer will not be further increased.

Terms have been agreed whereby **Provident Financial Group** will take over the **Halifax Insurance Company**. Reorganisation of the share capital of Halifax will be proposed at the request of Provident to reduce the expenses of the offer which comprises £2.42745 in cash for each Halifax share.

The Board of **Second Broadmount Trust** has reached agreement with Target Trust Managers on the terms of a scheme of unitisation for the company. This will involve placing the company in voluntary liquidation and transferring the assets, after making provision for all existing liabilities, to **Target Growth Fund**, an existing authorised unit trust.

An unprecedented amount of information including a £30.9m. independent valuation of its Indonesian estates, has been revealed by **London Sumatra** in its efforts to preserve its independence. Using the independenet valuation, the Board of London Sumatra considers the total value of the company's assets to be £43m. and the net asset value per share 270p. It estimates the sterling after-tax profit for 1977 at £701,000, compared with £524,000 in 1976.

Tarmac has sold its long-standing 11.4 per cent. stake in **Wolseley-Hughes** to a wide selection of institutions for just over £2.85m.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Anston Bldgs.	76*	74	70	2.4	Clerk's Acre (Hassocks)	30/3
BCA	125†	122	53	1.48	A. P. Cement	—
Blakey's (Malleable Castings)	52*	52	48	1.50	Allied Insulatrs.	—
Bury & Masco	99‡§§	93	80	6.46	Scapa	12/4
Cray Electronics	132	127	87	5.52	Spey Invests.	—
Dawson (James)	26*	25	19	2.58	J. H. Fenner	5/4
Dixor	28*	44	47	0.31	Messrs. Dinsmore & Stark	28/3
Ellis & Co. (Richmond)	24†	23½	17	1.19	Gough Bros.	23/3
Gordon Johnson Stephens	24*	18††	18	1.6	Simon Engrg.	—
Hamilborne	48*	48	43	0.75	Ferguson Secs.	—
Lockhart (A.)	230	195	170	1.74	Irish Ropes	—
Lond. Aust. Invs.	141*	126	123	10.6	Colonial Mutual Life	—
Lond. Aust. Invs.	126*§	126	101	6.97	Hooker Corp.	10/4
London Sumatra	110*	123	98	17.5	McLeod Russel/ Sipef SA	4/4
Prop. Inv. & Fin.	110*	106	106	4.74	Castlmr. Props.	—
Reynolds (W. J.)	45*	44½	44½	1.75	Oakstone	—
Westn. Canada Inv.	650*§	635	630	0.55	Scot. Est. Inv.	30/3
Whiley (G. M.)	37	34	28	1.11	Assoc. Paper	30/3
Wigfall (H.)	274§§	214	163	14.3	Comet Radiovision	1/4
Young Austen Young	83*	162	66	3.4	Trafalgar House	28/3

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 22/3/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 23/3/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Banro Consld.	Dec. 31	912	(651)	9.8	(7.2)	2.597	(2.325)
Beatson Clark	Dec. 31	2,360	(1,780)	37.8	(21.8)	5.156	(4.662)
Bemrose Corpn.	Dec. 31	1,780	(2,190)	7.8	(10.8)	3.828	(2.694)
Boddingtons'	Dec. 31	3,066	(2,906)	9.8	(9.4)	3.909	(3.523)
Booker McConnell	Dec. 31	24,980	(14,937)	34.8	(24.0)	7.322	(6.336)
C. T. Bowring	Dec. 31	33,007	(25,817)	15.4	(11.7)	2.947	(2.666)
Chersonese Ests.	Dec. 31	1,141	(744)	4.3	(2.7)	2.73	(2.0)
Expanded Metal	Dec. 31	2,220	(3,220)	8.8	(13.8)	3.675	(3.014)
Garton Engrg.	Dec. 31	1,050	(821)	16.1	(12.3)	5.7	(5.14)
Hepworth Ceramic	Dec. 31	26,720	(18,618)	12.6	(10.8)	3.3	(2.128)
Ibstock Johnsen	Dec. 31	4,327	(3,728)	21.6	(18.6)	6.143	(5.5)
Liverpool Post	Dec. 31	4,210	(4,000)	18.6	(17.8)	7.263	(6.566)
Low & Bonar	Nov. 30	7,102	(6,581)	31.4	(29.3)	10.89	(9.75)
Metal Closures	Dec. 31	5,365	(4,624)	12.1	(10.1)	4.214	(3.773)
Molins	Dec. 31	8,300	(10,500)	14.0	(17.6)	7.15	(8.5)
Pittard	Dec. 31	1,694	(1,760)	11.2	(11.7)	2.772	(2.505)
Rockware	Dec. 31	7,780	(6,270)	33.1	(31.6)	5.28	(3.484)
Sale Tilney	Nov. 30	1,633	(1,285)	39.1	(29.5)	10.238	(4.734)
Southampton, IoW	Dec. 31	487	(466)	§	(§)	8.935	(8.0)
Tate of Leeds	Dec. 31	340	(106)	20.5	(2.5)	0.625	(0.625)
Thurgar Bardex	Dec. 31	308	(136)	2.0	(0.9)	0.684	(0.612)
Thos. Tilling	Dec. 31	53,900	(41,900)	18.3	(16.4)	4.315	(3.485)
Tomatin Distillers	Dec. 31	731	(430)	8.1	(5.5)	3.026	(2.712)
Tube Invs.	Dec. 31	55,200	(49,600)	82.4	(75.7)	20.953	(18.913)
W. & E. Turner	Dec. 31	954	(652)	6.5	(4.1)	1.743	(1.561)
Vauxhall	Dec. 31	2,030L	(1,740)L	Nil	(Nil)	Nil	(Nil)
Watmoughs	Dec. 31	818	(561)	12.8	(8.9)	3.63	(2.216)
Western Motors	Dec. 31	693	(242)	28.2	(10.1)	2.201	(1.996)
Westminster Prop.	Sept. 30	62	(612)L	0.9	(Nil)	Nil	(Nil)
Weir Group	Dec. 31	9,120	(7,500)	23.1	(16.1)	5.203	(4.73)
Wms. & James	Dec. 31	452	(384)	12.3	(10.2)	2.45	(2.212)
Willis Faber	Dec. 31	19,562	(16,324)	21.9	(18.8)	9.0	(7.5)
Wolf Tools	Dec. 31	2,688	(2,395)	14.5	(13.4)	1.9	(1.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Armstrong Equip.	Jan. 1	4,030	(2,706)	0.8	(0.725)
Bejam Group	Dec. 31	2,340	(2,660)	0.7	(0.63)
Blue Bird	Dec. 24	364	(275)	2.255	(1.373)
Bryant Holdings	Nov. 30	1,170	(1,080)	0.934	(0.867)
Chmbrs. & Fargus	Dec. 31	31L	(22)	Nil	(Nil)
Cope Allman Intl.	Dec. 31	3,740	(3,940)	1.54	(1.4)
Courtney Pope	Nov. 30	381	(355)	1.0	(1.0)
Lawtex	Dec. 24	246	(212)	1.5	(1.5)
Ldn. Scot. Finance	Jan. 24	231	(122)	0.77	(0.7)
J. & J. Makin	Sept. 30	320	(154)	0.44	(0.4)
Newman Tonks	Jan. 31	670	(549)	0.9	(0.8)
Pressac Holdings	Jan. 31	476	(334)	0.024	(0.84)
J. E. Sanger	Dec. 31	532L‡	(666)†	Nil	(1.75)
Talbex Group	Jan. 31	245	(80)	0.55	(0.275)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † For six months. ‡ For nine months. § Not given. L Loss.

Rights Issue

Bullough: Two-for-five at 50p each.

Scrip Issues

Banro Consolidated Industries: One-for-five.
Boddingtons' Breweries: One-for-two.
Chersonese (FMS) Estates: One-for-one.
Wolf Electric Tools (Holdings): One-for-two.

Midland Bank in good position —sees higher interest rates

INTEREST RATES, which fell last year and brought about a downturn in the second half profits of Midland Bank, may well rise in the current year to about the level seen in mid-1977, says the bank's chairman, Lord Armstrong.

Whatever happens, the company is well placed to play a full part both at home and overseas in any improvement that may occur in the level of economic activity, he says in his annual statement.

Above all else the company's performance in 1977, when pre-tax profit reached 192.83m. (£168.4m.), reflected the advantages being gained from providing a wide range of financial services in an increasing number of world markets, and the benefits of various acquisitions of travel, merchant banking and insurance interests, which took place in the early 1970s.

Liquid assets

As reported on March 11 the net total dividend for 1977 was stepped up to 14.75p (12.62532p) per £1 share.

Working capital at year end was up £132.13m. (£145.34m.) with liquid assets up £136.58m. (£258.02m.). Customers accounts, including advances, instalment finance and leased assets, stood at £8.42bn. (£7.26bn.) and money at call and short notice at £1.29bn. (£1.59bn.). Current, deposit and other accounts amounted to £11.75bn. (£10.44bn.).

The chairman says the Hyde Guidelines on inflation accounting go some way towards meeting the bank's earlier objections to the Morpeth proposals. Under the new guidelines the adjusted profit is reduced to £130.8m. (£108.8m.), after deductions for maintenance of free capital of £44.2m. (£41.4m.), depreciation of £8.7m. (£8.2m.) and associated companies adjustments of £9.1m. (£8m.).

An audit committee comprosing five non-executive directors, under the chairmanship of Sir Donald Barron, was formed during the year to examine and review accounts and financial statements before publication.

An analysis of turnover and contribution to profit by the group's non-banking activities shows, with £000s omitted: exporting—goods sold and services provided — £233,222 (£210,880) and £2,505 (£2,481); insurance £546,083 (£448,347) and £22,723 (£16,298); instalment finance leasing and factories £288,042 (£199,283) and £19,319 (£13,301); and travel — commission and profit margins on travel arrangements —, £51,483 (£54,466) and £4,096 (£3,804).

Capital raising

As the continued expansion of the bank's international business requires the support of additional currency loan capital the directors took the opportunity provided by favourable market conditions during 1977 to raise $US50m. in April by the issue of Guaranteed Floating Rate Notes 1987. This was followed in August by an issue of $75m. 8¾ per cent. Guaranteed Bonds 1992. Both issues were made through the Dutch subsidiary, Midland International Financial Services, and are guaranteed, on a subordinated basis, by Midland Bank Limited.

To strengthen the bank's capital base further, the directors announced on January 26, 1978, the intention to raise approximately £96.4m., after expenses, by the issue of 29.99m. new shares of £1 each, on a one-for-five basis, at 330p per share. Holders of the 7½ per cent. Convertible Subordinated Unsecured Loan Stock 1983-93 were also invited to subscribe on the basis of 21 new shares for every £500 nominal of the stock held. This capital-raising operation has now been successfully completed, the chairman reports.

The domestic clearing bank operations showed growth in business levels and this resulted in higher profits despite a reduction of 2¼ per cent. in the average Base Rate to 8.86 per cent. The continuing steady growth of this side of the group's business provides an important platform from which to expand the company's interests, Lord Armstrong explains.

The international division has maintained growth and there has been a further expansion in foreign currency lending.

Clydesdale Bank's profits exceeded £14m. for the first time, while Northern Bank also made steady progress despite particularly difficult local conditions. Within the Midland Bank Finance Corporation sub-group Forward Trust increased profits by almost 43 per cent. to £14.2m. and Midland Montagu Leasing also produced record profits following a substantial increase in new business. Elsewhere within this sub-group, the factoring subsidiary, Griffin Factors improved its factored turnover by 22 per cent. which led to an improvement in profits.

Business was varied for Samuel Montagu group but profits increased. Although the demand for sterling loans was depressed, there was a revival in new issue work along with the recovery in the stock market.

Bland Payne group with its broad spread of international insurance interests produced profits of £21.9m. (£15.2m.) and Thomas Cook sustained its improvement with attributable profits of £2.6m. compared with a loss of £1.1m.

In January this year the bank states its intention to make a payment, in line with the Government's pay guidelines, of a proportion of the company's 1977 profits to staff under a cash profit sharing scheme.

During the 1977 money given by the group for charitable purposes amounted to £300,000 and donations of a further £5,225 were made to The Economic League.

Deposit protection

In November the bank stated that, in conjunction with the NCB Pension Funds, consideration would be given to joint equity investments in companies with capital resources of between £5m. and £20m.

Commenting on the Government's proposals for supervision of deposit-taking institutions and for a deposit protection scheme to give depositors a measure of protection in the event of failure of a member of the scheme, Lord Armstrong says that, although the directors recognise the importance of adequate supervision it is difficult to accept that the clearing banks should contribute to such a scheme.

In the publicity campaign sponsored by the London and Scottish clearing banks concerning nationalisation, 90 per cent. of the 50,000 respondents were opposed to nationalisation, he points out.

Vantona expects steady growth

IN HIS annual statement, Mr. James Spooner, the chairman of Vantona Group says that the directors look to steady internal organic-growth in all sections as well as being constantly on the look out for suitable, soundly based acquisitions.

Mr. Spooner explains that in export the effort for 1978 will be towards consolidation of the group's position, the main aim being to open new outlets and secure greater penetration of existing markets.

In the U.K., the level of consumer demand for the current year remains uncertain, although the group is about in line with budget for the first three months.

As reported on March 3, pre-tax profit rose from £6.37m. to £6.73m. for the year to December 2, 1977, on turnover of £78.83m. (£75.49m.). The dividend total is lifted to 5.1511p (4.6582p) net.

The chairman reports that the group has a healthy balance sheet with net current assets of £22.89m. (£19.03m.), while, liquidity is good and there are adequate facilities to cover requirements for both the cost of internal and external expansion.

A divisional breakdown of group turnover and profit reveals, (in £000's), household textiles £65,197 (£62,623) and £6,271 (£6,116), fashion fabrics and garments £9,966 (£8,970) and £684 (£580), and foundation garments £3,671 (£3,895) and £671 (£729).

In fashion fabrics, the forecast growth in exports continued and 1977 saw an increase of 80 per cent., although the strengthening of sterling may slow this rate in 1978, states Mr. Cooper.

Horrockses medium prices cotton prints again had a successful year in the home market in spite of relatively poor trading conditions and a good order book for 1978 promises an excellent year.

Epatra's higher priced fashion merchandise had a reasonably successful year and, with an apparent increased demand for more expensive pure wools, a good autumn 1978 season is anticipated.

Esso shows £107m. turnround after £54m. exchange gain

BY RAY DAFTER, ENERGY CORRESPONDENT

Esso Petroleum of the U.K., which is now engaged in a new cut-price war with other major retailers of petrol, has reported a net profit of £94.4m. for 1977. This compares with a net loss of £12.7m. in the previous year.

The change-round largely resulted from the fluctuating value of sterling, however. Included in last year's profit was an unrealised foreign exchange gain of £54.1m. caused by the effect of sterling's appreciation against the dollar. In 1976 Esso made a £45.9m. foreign exchange loss as a result of the decline in sterling.

Profit after tax but before foreign exchange adjustments was £40.5m. in 1977 as against £33.2m. in 1976. The return was made on a turnover of £2.2bn., up by £210m. on 1976.

Esso, which invested £383.5m. last year—much of it on North Sea ventures—is now beginning to reap the benefit of offshore developments. Revenue from the Auk and Brent fields helped North Sea activities to make their first contribution to the company's profits, although refining and marketing sectors were the main contributors to the results.

However, Esso said that the profitability of downstream activities was inadequate and less than in 1976. The company had been caught in a squeeze between low product prices caused by a world surplus and major increases in the cost of processing and distributing the products.

One area where this squeeze is being felt in particular is the petrol retail market where most of the major oil groups are offering up to 2p a gallon discount on all grades at rural stations over the Easter period.

Shell led the move by announcing that it would help retailers reduce petrol prices in areas where competition had not previously led to widespread price cutting. The offer, which lasts until April 3, is aimed at boosting sales during the Easter holiday.

Within Shell it was hoped that the announcement, made on Wednesday, had been delayed long enough to prevent other companies following suit. However, by Thursday all of the other major suppliers, including Esso—Shell's closest competitor—British Petroleum, National Benzole and Texaco had said that they would help their retailers remain competitive. In most cases, the oil companies are reviewing discount schemes on an individual basis. A retailer which finds itself facing cut-price offers at a neighbouring garage is usually being supported by his supplier. In this way the cut-price war is spreading, at least temporarily, in spite of warnings from the Motor Agents Association and oil companies themselves.

Few petrol companies are making a reasonable profit and it is expected that more than 1,000 garages could be closed this year. This is on top of the thousands of closures over the past few years.

Half-time loss by Centrovincial

THE SALE of two Sydney properties, for £4.73m., and of its Dutch investment properties for £4.6m. by Centrovincial Estates resulted in a fall in net income from £2.05m. down to £1.79m. for the six months to September 25, 1977.

After interest relating to certain developments in progress of £339,000 (£294,000) there was a pre-tax loss of £9,000 compared with a profit of £52,000.

Again there is no interim dividend. The last time a dividend was paid was a final of 0.685p from revenue of £0.57m. for 1973-1974. Last profit was £259,000.

The property sales were in line with the director's policy of reducing short-term and medium-term borrowings, and in particular overseas borrowings guaranteed from the U.K.

There was also a reduction in interest payable, excluding development interest, resulting from the sales, but the full benefit of this was partially offset by the cost of financing the substantial currency loss that arose following the sale of the office development in Paris in March, 1977, reported last year.

The position will be improved in the second half by sales of mainly low yielding U.K. properties, including dealing properties, to realise approximately £3.5m. by the year end and a further £1m. immediately after that date, Mr. J. Gold, the chairman, states.

Two overseas properties, previously financed by short-term borrowings have now been refinanced on a long-term basis: Cadbury Schweppes House in Melbourne, Australia, was sold in January, 1978, for £3.6m., subject to a lease back; and a 15-year mortgage loan of R3.5m. (£2.1m.) has been arranged, secured on Ashley House, Smith Street, Durban, South Africa.

The effect, after allowing for other changes, will be to reduce medium- and short-term loans from £26.4m. to about £20m. at March 25, 1978, and to improve the group's second half net revenue, after charging development interest. Realised profits from property dealing in the second half will amount to £60,000.

A U.K. tax charge continues to arise since no relief is available in respect of revenue losses incurred overseas. The extent of these losses will be significantly reduced in the year to March, 1979, as a result of the Australian refinancing.

	Half-year 1977	Half-year 1976	Year 1977
	£000	£000	£000
Net inc. from props.	1,735	2,053	3,803
Dealing profits	—	—	61
Interest	1,455	1,797	3,981
Development interest†	339	294	624
Pre-tax loss	9	*52	*259
U.K. tax	129	—	168
Overseas tax credit	3	‡31	‡67
To minorities	—	23	—
Net loss	134	*44	*34

* Profit. † Interest relating to certain developments in progress. ‡ Debit.

sent, funds should be retained within the company and therefore, do not intend to pay any dividend for the year, compared with a 2p net interim for all 1976.

Stated earnings per £1 share are 10.4p (4.1p) from available profit of £94,000 (£39,000), after a tax credit of £4,000 (£68,000) and a £41,000 loss (£60,000 profit) arising from metal price changes.

Peak £90,000 by Parambe

After three years of losses, 1977 resulted in a record pre-tax profit of £89,798 at Parambe. The 1976 loss was £71,064 and at midway in 1977 a turnround from a £20,847 deficit to a surplus of £13,447 was reported.

Turnover for the year amounted to £64,105 (£26,673) and tax took £1,128 (nil). There was an extraordinary credit of £8,547 (£50,217 debit) and earnings per 10p share are given at 2.22p (0.56p loss). Again there is no dividend —the last payment being a total 0.881p net for 1973.

C. Clifford passes dividend

With a £199,000 advance to £334,000 at the trading level, Charles Clifford Industries announces a turnround from a pre-tax loss of £89,000 to a £131,000 profit for 1977, after achieving a £46,000 surplus in the second half, compared with a £251,000 deficit.

Mr. Charles Cooper, the chairman, states that the immediate prospects are indifferent in terms of order load. The directors look for a genuine upturn in the economy and if that comes about, he says, the progress the company has made in unhelpful conditions will be consolidated and provide the basis for a further advance.

Group sales increased from £8.57m. to £10.67m. with a higher volume being achieved, while exports doubled to £1.5m. and borrowings were reduced. The chairman points out that continuing to re-equip to modern standards and careful conservation of resources remain the two principal objectives, particularly as the company's base is expanded and new and demanding markets are entered.

A substantial plant improvement programme has commenced and to lend full support to this, the directors believe that, for the pre-

Plessey re-organises worldwide

Re-organisation of the worldwide operations of Plessey Company is taking place aimed at establishing trading companies with strong management teams, the directors state.

As part of the changes, the group's U.S. operations will be formed into four subsidiary companies from April 1, namely: Plessey Materials Incorporated, Plessey Aero Precision Incorporated, Plessey Precision Metals Incorporated and Plessey Peripheral Systems Incorporated.

Plessey Incorporated continue to exist as the holding company and will continue to be headed by Mr. Warrane J. Sinsheimer, chairman and chief executive officer. All presidents of the subsidiary companies will report directly to Mr. Sinsheimer.

Slow second half restrains Montfort

Restricted autumn and Christmas knitwear orders and continuing caution by retail buyers slowed second-half activity at Montfort (Knitting Mills), leaving 1977 pre-tax profit down from £323,512 to £318,160.

Directors say that the three sock factories remained busy throughout the year making a full contribution. For 1978 the socks division is well booked and on course for a further healthy increase in trading.

The situation in the garment factories was initially less encouraging but is now improving, they say, and provided there is no general downturn in the economy they are reasonably optimistic that steady progress can be maintained for the future.

BMK

BLACKWOOD MORTON & SONS (HOLDINGS) LTD.

Interim Statement

Unaudited Group results for the six months to 31st December 1977 (overseas subsidiaries six months to 30th September 1977) are as follows:—

	Six months to 31st Dec. 1977 £	Six months to 31st Dec. 1976 (see note 1) £
Sales	12,549,414	13,789,223
Trading Profit before Depreciation and Interest	261,859	1,027,190
Less: Depreciation	250,448	283,132
Bank Overdraft Interest	183,801	239,569
	434,249	522,701
(Loss)/Profit before Tax	(172,390)	504,489
Tax (Including Deferred Tax)	(56,000)	146,000
(Loss)/Profit after Tax	(116,390)	358,489
Extraordinary Item (net of Deferred Tax) — see note 2	(102,000)	—
(Loss)/Profit after Tax and Extraordinary Items	(218,390)	358,489

NOTES:

1. *As reported in the last annual accounts, the policy of providing for taxation deferred by capital allowances was discontinued with effect from 1st July 1976. The comparative figures shown above have been restated in accordance with that policy.*
2. *The extraordinary item comprises the cost of redundancy payments resulting from the rationalisation of the Group's labour force referred to below.*
3. *No provision has been made for unrealised currency conversion deficits in respect of overseas subsidiaries as it is expected that these will be more than covered by an anticipated net surplus on the disposal of the Canadian subsidiary.*

There was no improvement in demand during the six months to 31st December last and as a result, it was decided that a reduction in the labour force was essential. 218 employees were made redundant during the period at a cost of approximately £212,000 before deduction of Deferred Tax, quite apart from the loss of some £150,000 Regional Employment Premium which we received in the first half of the last financial year and which was withdrawn in January 1977. All those made redundant were volunteers who preferred redundancy to short-time working.

Blackwood, Morton & Sons (Canada) Ltd., made a loss of almost £70,000 in the six months to 30th September last and in view of the continuing losses in Canada, a decision was made to close down the Canadian factory unless it could be sold as a going concern. It is anticipated that the proceeds of realisation will exceed the book value of the investment and that, as a result, there will be a reduction in Group overdrafts.

Turnover for the half-year as compared with the same six months of the previous year showed a reduction of £1.24m and exports fell from £2.55m to £2.15m. At home, consumer demand was very disappointing no doubt due to the combination of wages restraint and the continuing high rate of inflation. In overseas markets, sales were affected in the E.E.C. and Australia by the high levels of unemployment and stagnant economic conditions, and in the Middle East and Nigeria by the reduced demand for oil by the industrialised countries. The firmness of the £ also affected export sales but, in the long term, the reduction in costs of imported materials and a lower rate of inflation should help us to avoid the frequent increases in our selling prices which have been such a necessary evil in recent years.

In the home market, the combination of increased wages, a lower rate of inflation and the anticipated lightening of the burden of personal taxation should be reflected in increased sales of our products in the forthcoming months.

A decision regarding the payment of a dividend for the year to 30th June 1978 has been deferred until the results for the full year are available.

PAINTINGS

Brisk trade in Old Masters

BY ANTONY THORNCROFT

BUSINESS IS brisk for Old Masters in the galleries around Bond Street and in the major London salerooms, and the upset caused by the oil crisis is all but forgotten. Fortunately prices are not roaring ahead — just a steady appreciation about in line with inflation. As usual it is the good pictures that are selling — at the bottom end of the market, £500 and under, there is no uniform improvement.

More and more London has become the entrepôt of the world trade in Old Masters. Overseas sellers provide the majority of the worthwhile pictures and overseas buyers keep both the dealers and the salerooms in business. There are still plenty of fine paintings in the hands of British families but, apart from Lord Brooke, who has dispersed his valuable Canalettos, they are not rushing to sell. There is a wait-and-see attitude to any possible wealth tax.

In fact, relatively few really exceptional Old Masters are appearing on the market, perhaps because over the past 50 years many have gone to museums and art galleries which hold on to them. It is almost two years since Christie's sold a Duccio for £1m. Since then nothing equal has emerged.

Pictures

This may change in June when Sotheby's disposes of the Hirsch collection, the finest to come up for sale in years and expected to make £6m., roughly as much as Mentmore. And as Mentmore set new high levels for furniture, so Hirsch could stimulate more interest in certain types of pictures. For example, there is a fine altarpiece by di Paolo which could fetch a very good price and start a minor boom in 14th century Italian paintings, an area which Christie's, at least, thinks has gone rather quiet, perhaps because of problems with preservation in centrally heated rooms, perhaps because the major world museums now have sufficient examples.

Apart from the Paolo the Hirsch sale contains works by El Greco, Guardi, Rubens, Tintoretto, Cezanne, Van Gogh, and Renoir, among others, and to make the most of this rare event the pictures will be on display in the Royal Academy at Burlington House before the ten days of auctions. The Royal Academy is once again recognising the unavoidable commercial side to art and in December was host to the Burlington International Fine Art Fair which was probably the best collection of paintings available for purchase seen in London in decades. In the event there was not too much business done, probably because the event was not publicised sufficiently abroad, but there is to be another Fair in 1979.

The rise in prices for Old Masters is most clearly seen in the salerooms. Since Sotheby's, Christie's and Phillips are very international these days they observe the stronger markets not only in London, but also in New York (previously a relatively weak area for selling Old Masters) and in Amsterdam, accessible to the Germans who are among the biggest buyers of such pictures. So Sotheby's pinpoints rising prices in the fact that a Breughel sold in New York in January for over £290,000, an auction record for the artist. In the same sale half a dozen other Flemish artists set personal bests, reflecting the fact that 17th-century and later Flemish and Dutch pictures are doing particularly well at the moment for the very basic reason that Germany is still booming commercially. Even the 19th-century Dutch school, the greatest victim of the world recession, is selling again although not at the prices of five and six years ago.

The prosperity of Germany and, to a lesser extent, the Low Countries, and their strong currencies, means that it is worth while for picture dealers to come to London, even for minor works, and Christie's South Kensington saleroom in particular is benefiting from more foreign buyers. It finds that its most routine sales, where pictures average around £400 each, show little improvement on a year ago, but pictures that were selling for £1,500 to £2,000 then are now fetching £500 more. In addition, works that were failing to find buyers a year ago can now be disposed of quite easily.

But it is the finer pictures that are most keenly sought after. Colnaghi, one of the major dealers, reckons that things have been improving for three years, with private buyers, mainly from overseas, starting to acquire pictures again. Some are even buying British pictures, and Victorian art and the pre-Raphaelites have shown considerable price improvements. Italianate classical landscapes like those by Panini are also in demand. Christie's agrees about the British paintings but reckons Italian pictures are not so strong, probably because of the state of the Italian economy. This could change on April 14 when Christies holds one of its best spring sales of Old Masters for some time to be followed a week later by a very good Continental picture sale.

The di Paolo altarpiece in the Hirsch collection.

So London is the centre of two markets—the international and the British. Although a discovered Turner failed to reach its £200,000 plus reserve at Christie's last week, prices for British artists have been rising steadily. For example a landscape by George Lambert, the 18th-century artist, has just been bought for over £90,000, almost four times its estimate, and against a previous saleroom highest of £2,520 six years ago. In the same sale a portrait by Henry Walton sold for £25,300, another record. In January yet another 18th-century artist set a new high when Joseph Wright of Derby attracted a bid of £74,800 at an Irish house sale.

It is not only oils that are finding buyers. In recent weeks there has ben a succession of good sales of watercolours. Single watercolours by Francis Towne were fetching up to £8,000, while a collection of watercolours by Robert Dighton, which had been sold for £720 in 1953, was dispersed at Sothebys last month for £50,960. In the same way the watercolours collected in the 1920s and 1930s by Walter Hetherington for less than £5,000 sold at Christies last month for £128,255, including the auction record for a Towne of £10,400.

Prices for good Old Masters are certainly higher now on average than three years ago and the market is stronger than that for Impressionist, but everything depends on quality and to a great extent subject matter. And in a period of rapid inflation prices are fallible. If they have not doubled in the past six years they have failed to rise in line with inflation and many paintings, particularly sporting pictures and nineteenth century continental works, will still fail this test.

The best Old Masters are already in national collections, and the competition for other decent paintings of the past is breaking down along national lines. For example, there are now some very rich Brazilians, and as a consequence half a dozen Brazilian landscapes by Franz Post have appeared recently at auction, fetching a top price of nearly £200,000. The Middle Eastern oil money has ensured that any picture with an Arabic setting stands a very good chance of making an exceptional price. The Americans are buying the early artists of their country, and the extraordinary prices paid for Flemish paintings can only be explained by local appeal. By these standards British works of art have only shown any real appreciation in the past few months. For example, a Stubbs which cost £200,000 in 1969 should have sol dfor £500,000 in 1976 to keep pace with inflation. In fact, it went for £187,000. A George Morland which realised £5,460 as long ago as 1917 sold for £6,600 two years ago. It would be interesting to see it back in the saleroom now.

Impressionists slack

BY ANTONY THORNCROFT

IMPRESSIONIST and modern painting is one section of the art market where prices have not recovered to the levels of the early 1970s. Indeed given the rapid inflation since then anyone investing in Impressionists around 1970 must be cursing their choice. For this is a much more limited market than that for Old Masters, and more susceptible to fashion.

As a result of the uncertainty of demand not many really good Impressionists and moderns have come up for auction recently. At the winter sales of Sotheby's and Christie's the top prices were respectively £90,000 for a painting by the symbolist Redon and £78,000 for a Pissarro, much lower than is usual in such sales, and, more to the point, around 40 per cent. of the lots remained unsold.

But despite these setbacks more buyers are appearing and the Japanese are back, although this time with more caution. Particular types of picture are in demand, especially figurative paintings of the late 19th and 20th centuries: non-figurative works are harder to sell. In other words paintings that are visually easy to read, that are attractive both in colour and subject, are doing better than the more difficult paintings. Renoir, for example, is doing well, as is Utrillo, Dufy, Vlaminck and Pissarro. But artists of the Max Ernst type are out of favour. Among 20th century artists Dali and Magritte are popular and works by Chagall are fetching very high prices, probably because of his age and the likelihood of a price boom after his death

In contrast, Picasso is rather in the doldrums while the art world waits to see what happens to the thousands of pictures held by his estate. If they flooded the market it would be very unsettling, and at the moment a run-of-the-mill Picasso is probably down 15-20 per cent. on a year or so ago. But, as in Old Masters, future price levels for Impressionists and Moderns could be raised by the Hirsch sale in June when some of the best works to appear for years come up at Sotheby's. In particular there are six Cezanne watercolours which could make very high prices.

In contemporary painting Americans still seem to be loyal to their own artists and Europeans to theirs In the past year it is the American artists who seem able to command the highest prices—canvases by Cy Twombly consisting of scribbles on a white background selling for £72,600 and a Jackson Pollock reaching the dizzy heights of $2m. Rothko and Lichtenstein are also much in demand. Europeans like Fontana and Hockney cannot *compete with these levels but* still sell at remarkable prices, given the fact that the pictures have so little history behind them.

Many records

Paintings which have acquired a history, and a market, are the output of the British artists of the 1920s and 1930s In a recent remarkable sale at Christie's many artist records were established, including the £17,000 for a Robert Bevan; the £16,000 for a Clausen; £9,000 for a Lucien Pissarro; £6,500 for a Henry Lamb; and £6,000 for a John Nash. This greater interest in British painting is confirmed by the galleries The New Grafton, which specialises in the period, notes an upturn in demand for the inter-war artists, in particular Stanley Spencer, Augustus John, and Spencer Gore. The better pictures, in the £5,000 to £15,000 range, seem more in demand than the cheaper competitors The galleries generally report a rise in turnover of around 20 per cent., with private British collectors back in force buying good representational art by John Nash, Paul Nash, John Mintern and the like rather than abstract art which is in a (temporary?) decline.

The high prices for modern British, for pre-Impressionist Continental, for British 19th-century, for contemporary art in the U.S., must be set against the comparative calm which has affected the major Impressionists. Prices here have been stable for two years, with only the exceptional picture, like Gaugin's "Nature Morte a l'Estampe Japonaise," which made a record £727,840, bucking the trend. Even Renoirs, although they continue to fetch high prices, are not maintaining their value in line with inflation. For instance, "La Promenade," probably his most important work to appear in the past two years, realised £682,600, a sharp drop compared with the £483,000 paid for the equivalent in genius "Le Pecheur a la Ligne," which sold in 1971.

Yet Renoir is one of the most saleable of the Impressionists, perhaps only exceeded by Monet, who now invariably makes over £100,000. "La Barque Bleue" sold in 1962 for £56,000, and when it reappeared in 1976 it beat inflation by going for £363,000. Van Gogh's fetch much higher prices, the best topping £500,000, but these prices still mean a decline over the past eight years. The occasional painting proves a good investment — the works of Francis Bacon can do extremely well—but the old generalisation that you should buy art, and in particular modern art, because you like it with no thought for its financial gain holds true more than ever.

Now that Christie's has joined Sotheby's in holding Impressionist sales in New York, London's dominant position in this area is under challenge. But it still holds, even though around 80 per cent. of the pictures in next month's spring auctions will come from abroad, and return there.

THE WHITE HOUSE AND THE ARTS

New faces on view at Camelot

By NANCY DUNNE in Washington

PRESIDENT Jimmy Carter, his wife Rosalynn, and the governors of the US. states were enjoying the last strains of the Merry Widow waltz at a ball when Miss Beverly Sills, the opera singer, advanced towards the President with arms extended, and, still singing, waltzed him around the East Room of the White House. "He kept saying 'beautiful, beautiful.'" Miss Sills later told reporters, who promptly wrote up the scene as an unforgettable moment in White House entertainment

The evening was one of many Carter White House events, featuring some of the best of American performing artists. The Carter administration is not quite a rebirth of the Camelot of the Kennedy Era. It lacks John F. Kennedy's sophistication, Mrs Jacqueline Kennedy's elegance, and the polished ease with which both set the tone of glamour that fascinated the world in the early 1960s. None the less, the country-born Carters show an interest in the arts which has not been matched since the days of the Kennedys.

Social Washington has been caught off guard It had noted the Carters' fondness for stock car racing and the President's liking for blue jeans and country and western music. It had given a collective shudder when, before the inauguration, Mrs. Carter said that square dancing in the East Room might be good fun.

Social Washington tittered about Mrs Carter's ban on liquor at White House entertainments. It huffed at Amy Carter's appearance at state banquets, book in hand—and on the table. It expected grits and black-eyed peas, both Southern specialities, and peanut punch

Instead it has seen a President who enthusiastically attends the opera, recently both Madame Butterfly and the Barber of Seville: regularly visits Washington's cultural showplace, the Kennedy Centre for the Performing Arts.

A Carter style has evolved which is relaxed without being homespun. The President has given up carrying his own luggage onto aircraft. After he had taken office that had seemed more ostentatious than his evident liking for music and literature. The First Lady pursues her own interests (mental health, the problems of the elderly, urban issues) with a business-like charm, and her staff has been regularly producing a dazzling array of performers to star at White House events.

The most electrifying presentation thus far, broadcast on Public Television, was Vladimir Horowitz's Golden Jubilee piano concert. One of Mr. Carter's first musical requests upon assuming office was for a concert by the virtuoso, who now performs no more than 20 times a year and then only at 4 pm. on Sundays.

The date chosen was the anniversary of Horowitz's first White House performance, given before President Herbert Hoover The pianist held his audience spellbound with selections from Chopin, a composition of his own (and a rendition of the U.S. National Anthem).

Although the President includes among his friends a rock singer like Greg Allman and admires Bob Dylan, a writer of folk music, he has displayed a decided preference for the classical. At the Carters' first state dinner, for President Lopez Portillo of Mexico, Rudolf Serkin played the piano The Israeli Prime Minister, Mr. Menachem Begin, on two visits to Washington, heard string quartets. Crown Prince Fahd of Saudi Arabia was entertained to stringed baroque.

Vladimir Horowitz (right) welcomed by Jimmy Carter before giving a recital at the President's special request.

The President is a voracious reader, and an admirer of the poetry of Dylan Thomas. During his service in the U.S. Navy, he and Mrs. Carter—who intimates say are "compulsive self-improvers"—subscribed to home study courses in music and art appreciation. Mrs. Carter still takes a few hours each day to learn Spanish.

The Administration has an unofficial spokesman for the arts in the person of Mrs. Joan Mondale, wife of the Vice-President, Mr. Walter Mondale, who has won the nickname "Joan of Art." Mrs. Mondale, who does pottery and has written a book on Politics in Art, has worked hard to increase government funding for struggling young artists and community groups.

After more than a decade out in the cold, artists and performers are once again feeling that they have friends at court.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Mixed in uneventful session

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 23.

A MIXED trend prevailed in a *generally uneventful session on* Wall Street to-day with only scant attention paid to a hefty jump in mid-March car sales reported by the nations's largest manufacturers.

The Dow Jones Industrial Average shed 1.04 to 756.50, making a loss of 12.31 over the shortened *holiday* week, while the NYSE All Common Index, at $49.86, lost 3 cents on the day and 39 cents on the week. Rises led falls by 702-to-614, while the trading volume further decreased 660,000 shares to 21.29m.

Investors were reluctant to make any commitments ahead of the extended Easter Holiday week-end amid lingering concern about some unresolved issues.

Ranking high among these *issues this week was inflation and* growing market concern the Government might move closer to Wage/Price Controls.

General Motors put on $3/8 to $60 3/8 on a rise of 61.9 per cent. in mid-March car sales. Chrysler picked up $1/4 to $11 1/2 on a 19 per cent. increase, while Ford declined $1/4 to $44 3/4 on 1.2 per cent. rise in sales.

Hardee's Food Systems rose $1/4 to $16 1/4—it is to be merged into PET Inc., up $1 1/2 to $36 3/8.

THE AMERICAN SE Market Value Index rose 0.65 to 128.01.

Potential buyers reluctant to *commit themselves before new* Government is announced.

Stores firm.

Creusot-Loire dropped Frs.9.5 to Frs.72 after passing 1977 dividend.

U.S. stocks again depressed. Oils weak. Germans and Dutch issues mixed. Golds higher, Coppers easier.

BRUSSELS—Mostly higher in quiet trading.

U.K., Dutch and French stocks fell, Germans rose, U.S. and Canadians mixed.

Gold Mines higher.

AMSTERDAM—Mixed in quiet trading.

Philips rose Fls.0.30 ahead of its 1977 results.

State Loans steady.

GERMANY — Prices firmed, helped by stronger tone in Bond Market.

Leading Banks, Chemicals, Electricals and Motors advanced.

Bonds firmer with Public sector putting on up to 65 pfennigs. Regulating Authorities sold stock worth nominal value of DM17.7m. Marks Foreign Loans steady.

COPENHAGEN — Closed last Thursday.

MILAN—Most prices rallied yesterday.

Fiat rose L20 on rumours of a higher dividend.

OSLO—Closed last Thursday.

VIENNA—Quietly steady.

HONG KONG—Firm in active trading.

JOHANNESBURG—Gold shares mixed in quiet trading.

Durban Deep shed 130 cents to 410 on further consideration of chairman's statement on mine prospects.

Financial Minings steady at higher levels.

Other Metals and Minerals harder.

Industrials steady.

TOKYO—Slightly lower. Volume 280m. shares.

Some Electricals, Vehicles and Cameras eased on reports — Bank of Japan intervened in Foreign Exchange Market to support dollar.

Nippon Sanso rose Y34 to 380 and Green Cross Y70 to 1,650.

AUSTRALIA — Markets recovered to close mixed.

Pioneer Concrete rose 4 cents to $A1.47 on its planned expansion in U.S.

Sugars eased on falling London price.

P & O gained 12 cents to $A2.40 on its results.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Am. Tl. Tl. Pr. 'B'	310,700	49 7/8	− 1/8
Sears Roebuck	429,000	22 1/4	+ 1/8
Hardee's Food	383,300	16 1/4	− 1/4
K-Mart	327,700	24	− 1/8
Citicorp	240,800	19 5/8	− 1/8
Berkey Photo	207,500	7	− 1/8
Westinghouse Elec.	193,000	16 1/8	− 1/8
Carrier	183,600	17 1/8	+ 1/8
Teleprompter	161,900	11 3/4	+ 1/8
Norton Simon	156,300	13 1/4	+ 1/8

OTHER MARKETS

Canada firm

Canadian Stock Markets were generally firm in moderate trading last Thursday, with the Toronto Composite Index up 2.0 at 104.63.

The Oil and Gas Index gained 7.6 to 1390.9, Golds 4.4 to 1294.4, Utilities 0.34 to 164.29 and Papers 0.28 to 103.07. But Banks shed 0.84 to 247.19 and Metals and Minerals 0.3 to 883.9.

PARIS—Easier but above early lows in quiet trading.

Indices

NEW YORK—DOW JONES

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 17	Mar. 16	1977-78 High	1977-78 Low	Since compilat'n High	Since compilat'n Low
Industrial	756.50	757.54	762.82	773.82	769.71	762.82	999.75 (3/1/77)	742.12 (28/2/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	90.04	89.88	89.86	89.92	89.72	89.75	95.87 (7/9)	89.35 (26/1/78)	—	—
Transport	207.88	207.34	207.88	209.79	207.28	205.54	246.64 (18/5)	199.31 (9/3/78)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.95	105.72	105.06	106.09	106.19	106.46	118.67 (22/2/77)	102.54 (22/2/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	21,280	21,950	24,410	28,360	28,470	25,400	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	Mar. 17	Mar. 10	Mar. 3	Year ago (approx.)
	6.06	6.14	6.22	4.41

STANDARD AND POORS

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 17	Mar. 16	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	98.19	98.34	98.72	99.93	98.26	98.46	118.92 (3/1/77)	95.52 (6/3/78)	134.64 (11/1/73)	3.52 (30/6/32)
§ Composite	89.36	89.47	89.79	90.82	90.20	89.61	107.00 (3/1/77)	86.90 (6/3/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 22	March 15	Mar. 8	Year ago (approx.)
Ind. div. yield %	5.46	5.47	5.55	4.18
Ind. P/E Ratio	8.48	8.43	8.46	10.45
Long Govt. Bond yield	8.15	8.16	8.20	7.71

N.Y.S.E. ALL COMMON

Mar. 23	Mar. 22	Mar. 21	Mar. 20	1977/78 High	1977/78 Low
49.86	49.89	50.06	50.57	57.07 (4/1/77)	48.37 (6/3/78)

Rises and Falls

	Mar. 23	Mar. 22	Mar. 21
Issues traded	1,826	1,822	1,864
Rises	702	541	479
Falls	614	795	939
Unchanged	510	486	446
New Highs	—	23	59
New Lows	—	20	19

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	1977-78 High	1977-78 Low
MONTREAL Industrial	171.26	170.72	171.84	172.11	186.47 (17/3)	158.02 (25/10)
MONTREAL Combined	179.05	178.58	178.94	179.75	187.85 (19/1/77)	165.80 (25/10)
TORONTO Composite	1046.3	1044.5	1046.6	1049.6	1067.4 (19/7)	961.0 (26/10)
JOHANNESBURG Gold	202.5	201.5	196.0	195.1	218.7 (1/2/78)	159.4 (24/5)
JOHANNESBURG Industrials	197.5	197.7	197.3	196.8	214.4 (4/1/78)	168.1 (22/4)

	Mar. 23	Previous	1977-78 High	1977-78 Low
Australia (§)	—	446.58	479.45 (3/1/78)	415.85 (16/2/77)
Belgium (‖)	94.12	93.77	99.12 (10/1/77)	90.45 (12/1/78)
(Denmark**)	—	95.30	107.92 (9/6)	94.00 (6/2/78)
France (††)	58.8	59.9	61.8 (30/3/78)	43.6 (10/6)
Germany (‡‡)	795.2	794.0	813.3 (17/11)	712.6 (10/3/77)
Holland (§§)	77.3	77.7	85.2 (4/5)	76.6 (29/9)
Hong Kong (¶¶)	438.53	436.27	438.53 (23/3/78)	383.44 (13.1.78)
Italy (‖‖)	61.33	61.91	75.71 (6/1/77)	64.90 (22/12)
Japan (a)	397.28	398.45	399.86 (16/3/78)	350.49 (24/11)
Singapore (b)	281.02	282.30	282.30 (22/3/78)	242.23 (3/5)
Spain (d)	—	88.61	100.00 (30/12)	87.88 (17/3/78)
Sweden (e)	382.30	381.92	416.68 (22/3)	286.48 (24/11)
Switzerl'd (f)	293.1	293.1	325.7 (14/2/78)	280.6 (14/3/77)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam. Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable

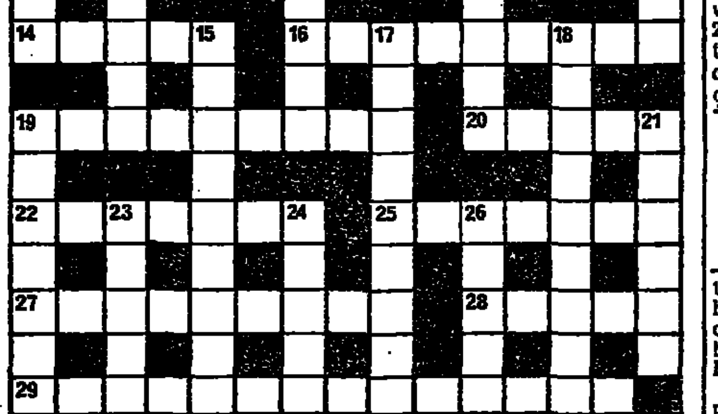
F.T. CROSSWORD PUZZLE No. 3,626

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



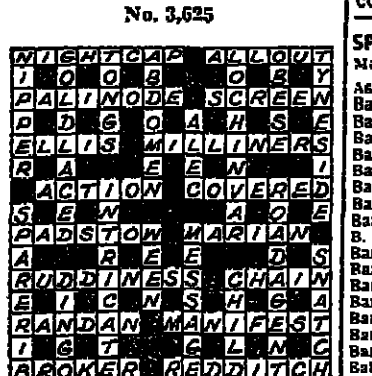
ACROSS

1 Mouldy material for a capital French dressing (7, 2, 5)
10 Pass the buck backwards and forwards (5)
11 Systematic presenter of facts and figures makes boat ultra-distinguished (9)
12 Not in the hunt at present in this place (7)
13 Date of release during rest period (4, 3)
14 Soak finds it difficult to climb (5)
16 To skip whisky is child's play (9)
19 He's super in Hollywood (4, 5)
20 Left part of bridge made of wood (5)
22 Entrance with fashionable departure (7)
25 Uncovered on Ilkley moor (7)
27 Flower made in a science workshop of ornamental material (9)
28 Opening said to be healthy (5)
29 Say sorry for late arrival of Flying Scotsman (7, 7)

DOWN

2 Gave up driving during military manoeuvre (4, 5)
3 Suitable material sounds swell (5)
4 Reach tent maybe with leap at Covent Garden (9)
5 Gold part of heavenly path (5)
6 Controversial European motorway goes over American state (9)
7 Pest I love to keep in proportion (5)
8 Withdraw from position without handicap (7)
9 Long distance swimming gear (6)
15 Assert what is said of subject (9)
17 Fruit producer with many branches (5, 4)
18 Assembled when dressed (6, 3)
19 Day to keep in boat (7)
21 Speed up hothead with a gun (6)
23 Understanding key file (5)
24 Derived aspirates from barbarians (5)
26 Part of church for person with pull (5)

SOLUTION TO PUZZLE No. 3,625



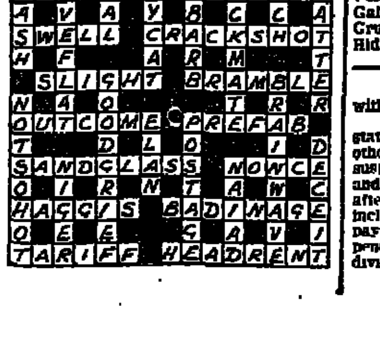
SOLUTION AND WINNERS OF PUZZLE No. 3,621

Following are the winners of last Saturday's prize puzzle:

Mrs. I. D. Halliday, Wynndun, Corsee Road, Banchory, Kincardineshire, AB3 3RS.

Miss Rosemary Harris, 31, Tournament Road, Salisbury.

Mr. K. S. Long, "Clovers," Cound, Shrewsbury SY5 6AF.



RACING BY DOMINIC WIGAN

Ryan Price five left in Lincoln

CAPTAIN RYAN PRICE, whose Findon stable has landed so many valuable handicaps under both rules with heavily backed ante-post orders, still has five—Ashbro Laddo, Carriage Way, Connors, Moving Picture and Le Soleil—left in the Irish Sweeps Lincoln.

Although no final plans have been decided I believe we could well see only Carriage Way (at 22-1 with Mecca) representing the Sussex stable. A tough and consistent Track Spare four-year-old, this brown colt will go close to winning off his attractive handicap mark of 8st 1lb if he can reproduce the Haydock form he showed when beating Musical Prince by a *neck last season*.

KEMPTON
1.30—Old Cosimos
2.00—St. Petersburg***
2.35—Go Skytrain
3.05—Mackelly**
3.35—Middleton Sam
4.05—Bandido

Better Blessed, rated only one pound ahead of Carriage Way by the Lincoln handicapper, and at one time joint market leader in some lists for the Lincoln will now definitely miss the Doncaster race. Two factors seem to have persuaded William Hastings-Bass not to send his tough So Blessed colt to Townmoor.

First, he made it clear to me a few days ago that he felt the favourite, Fair Season (who, it can be argued has the same chance as The Minstrel with under 8st on the best of his form) will take a great deal of beating and secondly, he believes Better *Blessed* may now well need a mile and a quarter to produce his best.

At present it seems on the cards that Michael Stoute's 1,000 Guineas and Oaks prospect, Fair Salinia, who, according to her trainer, needs very little work, could well go to the post for the first fillies classic without the benefit of a preliminary outing.

His other potentially high-class filly, Glinting, a daughter of the illustrious Pelting, who had to be put down a few days ago at the age of 20, will have her first outing in either the Tote Free Handicap or the Nell Gwynne Stakes.

It is expected that she, too, will be representing Stoute's Beechurst stable in the 1,000 Guineas, for which Cherry Hinton appears a far more attractively priced favourite at 3-1 than does Try My Best at virtually half those odds for the 2,000 Guineas.

With the recent cold spells of *weather having interrupted the* preparations of a good many horses, punters should tread warily on this, the opening day of the Flat season. If he is backed St. Petersburg could be the one they all have to beat in Kempton's Rosebery Handicap.

Extension of community service scheme

THE community service scheme is to be extended on April 1 to a further 51 petty session areas, Lord Harris of Greenwich, Minister of State, Home Office, announced in a speech in Montgomery this week. He said it was the biggest single extension of the scheme for convicts in the past two years.

The Minister said the move was due to extra money being *made available for community* service in the forthcoming financial year.

Among the areas to be covered for the first time would be Birmingham, Bury, Stockport, Rochdale, Trafford, Middleton and Heywood, Newport and Monmouth.

SPAIN ♥

March 21	Per cent.	
Asland	106	+ 2
Banco Bilbao	239	—
Banco Atlantico (1,000)	200	—
Banco Central	300	—
Banco Exterior	268	—
Banco General	262	—
Banco Granada (1,000)	150	− 1
Banco Hispano	203	—
Banco Ind. Cat. (1,000)	162	− 1
B. Ind. Mediterraneo	182	—
Banco Popular	197	+ 1
Banco Santander (250)	324	—
Banco Urquijo (1,000)	288	− 2
Banco Vizcaya	294	+ 2
Banco Zaragozano	245	—
Bankunion	139	− 2
Banus Andalucia	228	—
Babcock Wilcox	29	—
CIC	87	− 4
Dragados	200	—
Inmobanif	76	—
E. I. Aragonesas	50.25	+ 1.75
Espanola Zinc	101	—
Expl. Rio Tinto	95	—
Fecsa (1,000)	67	− 0.50
Fenosa (1,000)	67.25	—
Gal. Preciados	60	+ 3
Grupo Velazquez (400)	165	—
Hidrola	70.25	− 0.25
Iberduero	68	− 2
Olarra	67	+ 2
Papeleras Reunidas	46	+ 0.75
Petroliber	130	—
Petroleos	151.50	− 1.50
Sarrio Papalera	55	− 2
Snlace	40	+ 1.50
Sogefisa	120	—
Telefonica	82	+ 1.25
Torras Hostench	91	− 5
Tubacex	85	− 4
Union Elec.	66	—

BRAZIL

Mar. 22	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.35	−0.03	.12	8.89
Banco do Brazil	2.60	−0.03	0.18	6.92
Banco Itau PN	1.28	+0.07	.16	12.50
Belgo Mineira OP	1.98	−0.02	.12	6.06
Lojas Amer. OP	3.28	−0.07	.25	—
Petrobras PP	3.37	−0.14	.1	6.10
Pirelli OP	2.58	−0.10	.16	6.20
Souza Cruz OP	4.29	−0.07	.25	5.36
Unip PE	6.82	−0.04	.2	2.93
Vale Rio Doce PP	1.66	−0.06	.13	7.85

Vol. Cr. 200.8m. Shares 75.6m.
Source: Rio de Janeiro SE.

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. ▲ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—89 1/2% (88 1/2%)
Effective rate at (1.8725) 43 1/4% (44 1/2%)

NEW YORK

[illegible]

CANADA

[illegible]

Stock	Mar. 23	Mar. 22
Steel of Canada	23 1/4	23 1/4
Steep Rock Iron	†2.40	2.50
Texaco Canada	40 3/4	41
Toronto Dom. Bk.	17 3/4	17 7/8
TransCan PipeLn	14 1/8	14 1/8
Trans Mount Oil	9 1/4	9 1/8
Trizec	†10 1/4	†10 1/4
Union Gas	10 3/8	10 1/4
Utd. Siscoe Mines	7 3/8	7
Walker Hiram	32 3/4	32 3/4
West Coast Trns.	32 1/4	32 1/4
Weston Geo.	16 1/4	16 1/2

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ♦

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ⊕

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

COPENHAGEN ♣

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

AMSTERDAM

[illegible]

OSLO

[illegible]

TOKYO ¶

Mar. 23	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	321	−1	14	2.2
Canon	485	+11	12	1.2
Casio	577	+1	25	2.1
Chinon	370	−5	20	2.7
Dai Nippon Print	523	−1	18	1.7
Fuji Photo	563	+6	15	1.3
Hitachi	219	−1	12	2.7
Honda Motors	560	+3	18	1.6
House Food	1,240	+10	35	1.4
C. Itoh	222	......	12	2.7
Ito-Yokado	1,230	......	30	1.2
Jaccs	675	+7	13	0.9
J.A.L.	2,820	+30	—	—
Kansai Elect. Pw.	1,150	......	10	4.3
Komatsu	315	−1	18	2.8
Kubota	281	−1	15	2.7
Kyoto-Ceramic	3,820	+70	35	0.4
Matsushita Ind.	645	+10	20	1.5
Mitsubishi Bank	280	+1	10	1.8
Mitsubishi Heavy	136	−4	12	4.4
Mitsubishi Corp.	418	+3	13	1.5
Mitsui & Co.	316	−3	14	2.2
Mitsukoshi	499	−1	20	2.0
Nippon Denso	1,240	......	15	0.6
Nippon Shinpan	680	+5	12	0.8
Nissan Motors	779	−9	16	1.0
Pioneer	1,510	−20	48	1.6
Sanyo Electric	214	−1	12	2.8
Sekisui Prefab	848	+6	30	1.7
Shiseido	1,120	......	20	0.9
Sony	1,710	+10	40	1.2
Taisho Marine	253	......	11	2.2
Takeda Chemical	339	+3	15	2.2
TDK	1,740	−10	30	0.8
Teijin	116	−1	10	4.3
Tokio Marine	508	−1	11	1.1
Tokyo Elect Pow'r	1,170	−20	8	3.4
Tokyo Sanyo	321	+7	12	1.8
Tokyo Shibaura	135	−1	10	3.7
Toray	125	+1	10	4.0
Toyota Motor	928	+5	20	1.1

Source Nikko Securities, Tokyo.

VIENNA

Mar. 23	Price %	+ or −	Div. %	Yld. %
Creditanstalt	350	......	10	2.9
Perlmooser	260	−5	9	3.4
Selecta	573	......	46	8.4
Semperit	100	−1	—	—
Steyr Daimler	184	......	7	3.8
Veit Magnesit	240	......	14	5.9

JOHANNESBURG

[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Curtiss-Wright plans a Kennecott Board aimed at Carborundum sale

BY JOHN WYLES

NEW YORK, March 24.

[C]URTISS-WRIGHT yesterday [li]fted the veil on a plan to re[m]ove the entire board of Kenne[co]tt Copper Corporation and to [re]place it with directors dedi[ca]ted to selling off its recently [ac]quired subsidiary, the Car[bo]rundum Company.

The proceeds of the sale of [C]arborundum, for which Kenne[co]tt paid $567m. last year would [be] distributed to shareholders, [sa]id Curtiss-Wright in a brief [st]atement.

Proxy material has been filed [wi]th the Securities and Exchange [Co]mmission which outlines the [in]tention to put up a slate of 17 [di]rectors for election at Kenne[co]tt's annual meeting on May 2.

A proxy fight of these dimen[si]ons had been half expected ever since Curtiss-Wright revealed last week that it had spent $77m. purchasing a 9.9 per cent. stake in Kennecott. The New Jersey based manufacturer of aerospace components will not disclose the names of its nominees to the Kennecott Board until the SEC approves its proxy material, but it said yesterday that they all "believed that" Kennecott management, instead of paying $567m. in cash to buy the Carborundum Company should have used that cash directly for the benefit of Kennecott stockholders."

Kennecott's purchase of Carborundum ran into a legal challenge from a stockholders' group, but this was defeated and the Board's view that it had spent wisely the proceeds of its $1bn. sale of Peabody Copal Company carried the day. If Carborundum were now sold for the same price the proceeds would be worth about $17 a share to Kennecott's stockholders—a 66 per cent. yield on the company's closing share price yesterday.

However, divestment of Carborundum would leave Kennecott with flat earnings prospects for the next few years because of the extremely depressed state of the copper market. Whether this would deter large holders of the company's stock from supporting Curtiss-Wright remains to be seen. But some might also calculate that a Curtiss Wright seizure of control of Kennecott might well prompt a bid for the entire company.

Much, however, remains uncertain, not least because the whole affair is also trapped in a legal maze. The State of Utah has secured an injunction which supposedly prevents Curtiss-Wright voting its stock while Kennecott has a filed suit in New York alleging violations of securities and anti-trust laws. Curtiss-Wright has almost certainly been advised by its lawyers that the Utah challenge can be shrugged off on the grounds that Federal authority is supreme. Utah claims that Curtiss-Wright breached its takeover disclosure laws which it argues have jurisdiction because two-thirds of Kennecott's employees work in the State. However, a similar law in Texas was ruled invalid last year.

Sharp gains at Peugeot-Citroen

BY DAVID WHITE

PARIS, March 24.

[FI]NAL RESULTS of Peugeot-[Ci]troen, France's largest car [m]anufacturers, show sharp [ad]vances in net profit for both of [th]e main arms of the group last [ye]ar.

Automobiles Peugeot's net [ea]rnings rose 16.1 per cent. to [Fr]s.617.4m. (about $132m.) as [its] sales increased by 15.5 per [ce]nt. to Frs.18.5bn. ($4bn.).

A more marked improvement was evident at its sister-company, Automobiles Citroen, where net profit was 20.8 per cent. up at Frs.359.3m. ($77m.). Citroen's sales rose 18.8 per cent. in the year to Frs.13.4bn. ($2.9bn.). The group holding company confirmed its preliminary estimate of 1977 results, showing net profit of Frs.193.1m.

It pointed out that this was not comparable with the previous year's net earnings figure of Frs.327.6m., roughly half of which was accounted for by the appreciation of assets brought in when the two motor companies merged.

The Peugeot-Citroen group produced 1.52m. cars last year, reaffirming its lead over Renault with 1.45m. About half of the Peugeots and Citroens produced are sold abroad.

Among the group's other subsidiaries, Peugeot's bicycle factories harvested a 67.8 per cent. increase in net profits, which rose to Frs.22.3m., from Frs.13.3m., on a 16 per cent. growth in sales to Frs.1.43bn.

Crisis credits for 16 Italian companies

ROME, March 24.

PART of the Government's [em]ergency funding measures [an]nounced in December, 16 [Ita]lian companies, officially [de]scribed as being at a "crisis [poi]nt," are to receive Government credits totalling L160bn. ($190m.), the Interministerial Committee on Industrial Planning announced to-day a final review of the companies is to be made next week before the funds are turned over.

The money is to go mostly to meet payrolls. In order to get the funds, the companies had to demonstrate that they had had trouble in doing so themselves.

Among the companies to receive the credits are Montedison SpA, its Montefibre SpA, Textile Affiliate, Societa Italiana Resine, Liqigas SpA, Snia Viscosa, Maraldi, Cotorossi, Metallurgica del Tirso and Siderurgica Lucana. AP-DJ

Improvement for BCI

BANCA Commerciale Italiana, the Italian State-owned bank, raised its net profits by 12 per cent. to L10.2bn. ($11.9m.) in 1977, from L9.1bn. in 1976.

The Board has decided on the distribution of an unchanged dividend of L600 a share, and also to put L3bn. to special reserves, thus raising their total to L32bn.

As previously announced the bank is soon to carry out an increase of its registered capital to L105bn. from L60bn. Two-thirds of the operation, or L30bn. will be on a scrip issue basis and one-third on payment. AP-DJ

Creusot-Loire makes heavy loss

By David White

PARIS, March 24.

WEIGHED down by the steel industry recession, the French steel and heavy engineering company Creusot-Loire suffered an unexpectedly heavy loss of Frs.155m. (about $33m.) last year.

The company, part of the Franco - Belgian Empain - Schneider empire, warned that although it expected some improvement this year its steel-making activities were unlikely to be out of trouble before 1979.

In the previous year, Creusot-Loire registered neither profit nor loss and dipped into its reserves to pay out a dividend of Frs.8 per share. The company has proposed to omit the dividend for 1977.

Mechanical and engineering activities were described as satisfactory and profit-making, and it was expected to reap further profits from this sector this year.

Depreciation last year was Frs.88m., compared with Frs.135m. in 1976.

Creusot-Loire's share price dropped by about 13 per cent. on an otherwise generally bullish Paris Bourse yesterday, following news of the loss. Half-way through the year the company had announced a provisional net loss of Frs.52m.

The company's results stood in stark contrast to those of another branch of the Empain-Schneider group, the Grenoble-based electrical engineering concern Merlin-Gerin, which announced net profit of Frs.31.4m. ($6.7m.) compared with Frs.22.6m. the year before.

Merlin-Gerin proposed to raise its dividend to a gross Frs.18 after paying Frs.14.40 for 1976.

Eucalyptus Pulp Mills

IN OUR report on Thursday on the details of the merger between the Billerud Company and Uddeholm's forest industry operations it was inadvertently stated that among Billerud's foreign subsidiaries which were to become part of the new company, Billerud-Uddeholm, was the Eucalyptus Pulp Mill in Portugal. This should have read "the eucalyptus pulp mill in Portugal, operated by CELBI." There is no connection between this mill and Eucalyptus Pulp Mills Limited, of the U.K., or its operating subsidiary in Portugal, Companhia de Celulose do Caima S.A.R.L.

Advance at Philips though exchange charge rises

BY CHARLES BATCHELOR

AMSTERDAM, March 24.

PHILIPS, the Dutch-based international electrical group, increased net profit by 13 per cent, to Fls.634m. ($290m.) in 1977 from Fls.562m. the year before. This was after charging Fls.308m. to the profit and loss account for adverse exchange differences, compared with a charge of Fls 194m. in 1976.

But Philips was unable to increase after-tax profit as a percentage of sales in 1977 despite its earlier forecast of a "slight improvement." The company's statement showed after-tax profit at 2.2 per cent. of sales, unchanged from 1976.

The company had warned at the end of the third quarter that meeting this forecast would depend partly on the impact of currency exchange fluctuations in the final three months.

It proposes raising its dividend payment to Fls.1.70 per Fls.10 nominal share from Fls.1.60. With Fls.0.60 already paid the final dividend amounts to Fls.1.10.

In the statement issued from Eindhoven ahead of its annual report, the company reported a 2 per cent. rise in sales to Fls.31.16bn. from Fls.30.43bn. In 1976 the sales increase was 12 per cent. The year's trading profit fell to Fls.2.21bn from Fls.2.22bn., representing 7.1 per cent. of sales (7.3 per cent.).

In the final quarter net profit fell 4 per cent. to Fls.197m., whereas in the same 1976 quarter it rose 29 per cent. to Fls.205m. Sales increased 3 per cent. (5 per cent.) to Fls.9.26bn. (9.03bn.), equivalent to $4.2bn. Trading profit fell to Fls.651m. from Fls.848m., and represented 7 per cent. of sales compared with 9.4 per cent. Profit per ordinary share in the quarter was Fls.1.05 (Fls.1.12).

In the year as a whole, pre-tax profit fell to Fls.1.19bn. from Fls.1.28bn. after Fls.1.03bn. had been deducted for other income and charges (minus Fls.939m.). Tax on profit was Fls.491m., against Fls.610m. the year before. After-tax profit thus rose to Fls.695m. from Fls.672m.

Philips' share in the net result of non-consolidated companies added Fls.42m. to after tax profits (nil), while minority interests reduced the figure by Fls.103m. (Fls.110m.). Profits per ordinary share rose to Fls.3.42 from Fls.3.03.

Of the total 1977 net profit of Fls.634m., some Fls.295m. or 46 per cent., will be added to retained profit (Fls.244m., or 43 per cent). Net profit as a percentage of shareholders' equity rose to 6.1 per cent., from 5.8 per cent.

The company's statement showed stocks as 29.6 per cent. of sales at the end of 1977, marginally higher than the 29 per cent share a year earlier.

The average credit period rose again to the 1975 level of 2.3 months from 2.1 months in 1976. Total liabilities as a percentage of capital employed fell to 61.9 per cent. from 62.3 per cent.

Lex Back Page

BOND MARKETS

New issue upsurge in Paris

BY JEFFREY BROWN

BONDS valued at more than $800m. will be raised on the Paris Bourse over the next week or so as investor euphoria following the general election in France has washed over into the fixed interest market.

So far this month dealing volume in domestic bonds has been running some 40 per cent. up on February, and yields on first category paper (the equivalent of gilt-edged securities) have dropped by around a quarter point in less than a month.

Last Wednesday a Frs.1bn. loan by Caisse Nationale des Telecommunications was snapped up in minutes. Similar terms—11 per cent. over 15 years at par—apply to next week's issue of Frs. 2.6bn. of bonds by the Credit Agricole. And Banque Hervet and France-HLM are known to be on the sidelines with issues totalling at least Frs.230m.

Now that the franc has recovered much of its poise, the French authorities are pushing down interest rates. Call money, which was lifted to 10½ per cent. a month or so before the election, was easing all last week, culminating on Thursday in a cut by the Bank of France of ¼ to 9¾ per cent.

To some extent the present new issue situation reflects borrowing that was postponed ahead of the election. But the pace of the rush to raise funds has nevertheless taken dealers by surprise. The sort of funds now being sucked into the bond market could begin to pose a threat to equities which showed signs of weakening for most of last week.

In Stockholm, the Kingdom of Sweden is expected to issue an open-ended short-term bond sometime after Easter.

Peak foreign buying in Japan

TOKYO, March 24.

NET PURCHASES of Japanese bonds by non-residents in the first 15 days of this month reached Y340bn. ($1.48bn.), compared with Y323bn. in the whole of February and Y213.9bn. in January, Hiromasa Dan, International Finance Director of the Finance Ministry said.

Finance Ministry sources said that these figures reflected the inflow of dollars in anticipation of a further Yen appreciation.

But, foreign investors were again net sellers of Japanese stocks in February. Net selling of stocks totalled $100m., compared with $188m. net selling in January, according to the Finance Ministry.

● In order to curb the rush of foreign investors into Japanese bonds, the Ministry of Finance and the Bank of Japan cut off the sales of bonds with less than five years and one month maturity remaining, effective March 16.

In November last year, the Finance Ministry stopped the sale of short-term Government bonds to foreigners.

Agencies

Chrysler debt rating

STANDARD and Poor's rating on the senior debt of the U.S. motor manufacturer Chrysler has been reduced from BBB to BBB minus. In Thursday's editions this was wrongly recorded as a reduction from BBB to BB minus.

[C]OMMODITIES/Review of the week

Cocoa market surges higher

BY OUR COMMODITIES STAFF

[CO]COA PRICES moved up [sha]rply on the London futures [mar]ket on Thursday to reach the [hig]hest levels since last Novem[ber].

But dealers could find no [sig]nificant fundamental reasons [for] the rise, which theey attri[but]ed mainly to "bullish" senti[men]t in the continued absence [of p]roducer selling.

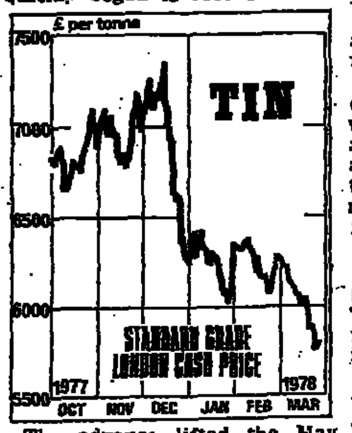
[T]he only fundamental news to the market on Thursday was [rea]lly "bearish." This was the [ann]ouncement by the U.S. De[part]ment of Agriculture that it [had] raised its estimate of the [1977]-78 world cocoa crop to [1.5]m. tonnes against the 1.35m. [har]vested in 1976-77.

[T]he Department expects the [sur]plus of production over con[sum]ption in the 1977-78 season [to r]each 100,000 tonnes. This [com]pares with a recent forecast [by] London merchant Gill and [Duff]us of an 86,000 tonnes sur[plus].

[B]y the close May cocoa was [quo]ted at £1,984 a tonne, up £126 [on] the day and £132.5 on the [wee]k.

[Th]e price had declined sharply [on M]onday but the fall was wiped [out] during the next two days as [repo]rts of new Nigerian ship[men]t problems and an unex[pect]ed 13.9 per cent. rise in U.S. [Janu]ary confectionery sales en[cour]aged buyers. These factors [are] also believed to have in[flu]enced Thursday's upsurge.

[Co]ffee prices fell to the lowest [leve]l since July on Monday as rumours that Colombia had cut its export price circulated in the market. But the announcement the following day that the country had merely removed the 10 cents a pound limit on export sales discounts came as something of an anti-climax and prices quickly began to recover.



The advance lifted the May position, which had fallen to £1,365.5 a tonne on Monday, to £1,424 but prices turned downwards again on Thursday and May coffee finished the week £22.5 lower on balance at £1,379 a tonne.

Copper prices advanced strongly on the London Metal Exchange in the last two trading days before the Easter holiday. The gains wiped out losses earlier in the week and cash wirebars closed £6.5 up on the week at £679 a tonne—its highest point since December.

The rise was fuelled by several influences. First, and foremost, was the expectation that Zambia would be forced to declare *force majeure* of up to 25 per cent. on supply contracts because of transport problems and a fall in production at the mines.

Fears of a stockpile release continued to keep the tin market under pressure both in London and Penang. The Penang price at one stage fell very close to the "ceiling" of the International Tin Agreement, although rallying slightly subsequently.

It is felt that this decline might undermine demands by the producing countries at the Tin Council meeting next month for a substantial rise in the existing Agreement price ranges.

The tin-producing countries plan to hold a special meeting in Jakarta before the Tin Council meeting to consider a joint reaction to the U.S. stockpile release proposals. This helped stop the downward trend in market prices but cash tin in London still closed £86 down on the week at £5,806 a tonne.

Zinc prices were boosted by news of big production cutbacks by two leading European smelters, and an accident severely reducing output at another plant.

[WE]EKLY PRICE CHANGES

[illegible]

MARKET REPORTS

BASE METALS

COPPER—Very firm again in morning only trading on the London Metal Exchange. Pre-week-end book squaring, short covering, stop-loss buying and chartist buying lifted forward metal from [illegible]

[illegible]

at 277.9-278.9p (527½-529c) and closed at 280.1-281.1p (527½-529c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	279.05p	+2.4	279.75p	+1.1
3 months	283.85p	+2.4	284.35p	+0.65
6 months	289.1p	+2.55	—	......
12 months	301p	+2.0	—	......

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

LONDON PALM OIL—Closing: March unquoted, April 320.00-350.00, May 300.00-330.00, June 300.00-330.00, July 300.00-330.00, Aug. 300.00-330.00, Sept. 290.00-320.00, Oct. 290.00-330.0, Nov. 250.00-330.00. Sales: nil.

SUGAR

LONDON DAILY PRICE—Raw sugar £98.00 (£95.00) a tonne cif for March-April shipment. White sugar daily price was fixed at £100.00 (£99.00).

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

GRAINS

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on March 23: GB cattle 66.05p per kg.l.w. (+1.07); U.K. sheep 142.6p per kg. est d.c.w. (−0.8); GB pigs 60.0p per kg.l.w. (−1.4). England and Wales—Cattle down 45.0 per cent., average price 66.36 (+1.21); Sheep down 43.3 per cent., average price 144.1 (+0.9); Pigs down 64.5 per cent., average price 60.0 (−1.4). Scotland—Cattle down 3.5 per cent., aver[illegible]

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

[illegible]

U.S. Markets

Gold and silver up; cocoa firm

[illegible]

BIDS AND DEALS

Consd. Plantations' offer for Gedong

AN AGREED takeover offer has been made by Consolidated Plantations, a subsidiary of Sime Darby Holdings, the Eastern plantation, industrial and commercial group, for the shares of Gedong Investments which it does not own.

A total stake of 44.57 per cent. in Gedong is already held by Consolidated Plantations and other companies in the Sime Darby group. A further existing link between the concerns is that the present investments of Gedong, whose main activity is as an investment holding company, consists only of shares of Consolidated Planatations.

News of the offer came late on Thursday evening, a day after the share quotation of Gedong was suspended, at 125p, at the company's request, following an approach which, it was stated, might lead to an offer.

Consolidated Plantations is offering 11 of its own shares for each 10 in Gedong, valuing the latter at around 135p each. Full acceptance would involve the issue of 391,050 Consolidated Plantation shares, worth some £481,000.

Consolidated Plantations, which is advised by Kleinwort Benson, already owns 252,500 shares in Gedong which, with 18,500 shares in Gedong owned by other companies in the Sime Darby group, amount to an interest of 44.57 per cent. Irrevocable undertakings to accept the offer have been given by holders of another 35.7 per cent. of Gedong. Gedong has been separately advised by Standard Chartered Merchant Bank.

NORTHERN FOODS —SHIPSTONE

A profit forecast for Northern Foods for the year to the end of March is promised by the chairman, Mr. Nicholas Horsley, in a letter sent to shareholders of James Shipstone. Northern is bidding for Shipstone whose chairman told shareholders on Wednesday that the offer was wholly inadequate.

Mr. Horsley has retorted that Shipstone has so far failed to produce figures for the year to December.

PHOTO-FINISH TO COMET RACE FOR HENRY WIGFALL

Comet Radiovision's contested bid for Henry Wigfall now looks more than ever as if it will be a photo-finish. Wigfall's shares bounded forward by 21p to finish at 235p on the news that Comet now has acceptances from 40.7 per cent. of the Ordinary shareholders—a figure which increased by 2 per cent. overnight—and is now extending its offer finally until April 1.

Wigfall's directors are still claiming that 45 per cent. of the Ordinary shareholders are united in opposing the bid.

Comet has also won over 82.93 per cent. of the Preference shareholders.

PHILIPS SELLING EKCO PLASTICS TO COURTAULDS

Philips Electronic and Associated Industries is negotiating the sale of Ekco Plastics to National Plastics, a subsidiary of Courtaulds. The likely price is below £1m.

A spokesman for Philips said yesterday that Ekco was a hang-over from the old days when plastic cabinets for televisions and radios were being developed. Such cabinets are not now made from plastic and so the company does not really fit in with Philips and should logically go to a plastics company such as National.

Bowater selling rest of Kay equity for £4.7m.

THE REMAINING part of Bowater Corporation's holding in the equity of the U.S. company Kay Corporation is being sold off for some $8.89m. (£4.7m.) through the exercise of an option arranged last year.

Kay said in New York on Thursday that it planned to exercise at $7.54 a share, the option it currently holds from Bowater Holdings Incorporated (a U.S. subsidiary of Bowater Corporation) to purchase 1,192,192 shares of Kay common stock, 43 per cent. of the outstanding shares. The shares will, at the same time, be privately placed with an employee stock ownership trust.

In May last year Kay bought 1m. shares of Kay common stock from Bowater Holdings at $6 each, while Bowater granted Kay an option for 15 months to purchase the rest of its holding of this stock.

Following the completion of the transaction now announced, Bowater will have no common stock interest in Kay. But it will continue to own $9.4m. of Kay's $5 cumulative preferred stock not carrying any voting rights.

The offer for the YAY Ordinary has now become unconditional and remains open until further notice.

M'CHESTER GARAGES WITHDRAWS OFFER

Manchester Garages has withdrawn its offer for W. J. Reynolds Holdings with the consent of the Panel on Take-overs and Mergers.

This has been done in view of action by directors of Reynolds in irrevocably undertaking to accept an offer of 45p per Ordinary share in cash from Oakstone Motors which thereby with its associates would control over 50 per cent. of Reynolds.

Manchester Garages pointedly noted that its offer would have been worth 46½p per share. Based on Wednesday's closing prices. This is 1½p per share above the shut-out bid from Oakstone.

Manchester Garages states that discussions were held with County Bank following the announcement on March 20 with a view to obtaining a recommendation from them and the Board of Reynolds. Manchester Garages considered that any further significant increase in the terms announced would not have been in the interests of Manchester Garages or its shareholders.

LON. AUSTRALIA —COLONIAL MUTUAL

The Board of London Australia Investment Company, the Sydney-based investment trust whose shares are quoted only on the London market, have strongly recommended acceptance of the offer from Colonial Mutual Life Assurance.

The official offer documents show that the Board intends to accept the offer in respect of its 7,650 stock units. The directors say that the offer from CML is the best of several alternatives considered by them, including liquidation. The $A1.57 per share is conditional upon the publication of the report and accounts by the end of this month.

SCAPA CHIEF DIES

Mr. J. R. Hindle, the chairman of Scapa, the paper and industrial textiles group which has made an agreed bid for Bury and Masco, has just died. One of the directors, Mr. T. D. Walker, will take over as chairman for the time being. At the beginning of the month Scapa forecast pre-tax profits for the current year of £6.5m. compared with £7.6m. last year.

GRAFF DIAMONDS SAGA CONTINUES

The saga of Graff Diamonds' contested attempt to go private is not yet over. The latest offer, equivalent to 70p, has not yet been accepted by sufficient minority shareholders and has been extended yet again until April 12.

According to Hambros, Graff's advisers, acceptances are now short of 90 per cent. of the shares needed by only 7.8 per cent. In terms of the number of shareholders, acceptance by a mere 14 will now meet the conditions.

SHARE STAKES

Electric and General Investment Co.—Post Office Staff Superannuation Pension Fund now holds 2,343,375 (14.1 per cent.) Ordinary shares.

Liden Holdings—Mr. P. Fisherman, a director, has purchased 2,300 shares making a total holding of 10,077 shares. Mr. J. H. Kinston, a director, has purchased 10,000 shares. Prudential Assurance Co. has sold 31,950 shares reducing its holding to 390,050 (7.64 per cent.) shares.

Pegler - Battersley: Norwich Union Insurance Group now holds 1,476,000 Ordinary shares (5.0336 per cent.).

Thomson Organisation: Company has been informed of the interest of directors in the company's Ordinary shares as follows: Lord Thomson of Fleet, 11,589, Mr. G. C. Brunton, 48,648 and 36,088 held indirectly, Mr. W. C. Golding, 3,498 and 12,765 held indirectly, Mr. W. M. Brown, 7,032 and 42,225 held indirectly, Mr. J. Evans, 3,000 and 11,638 held indirectly, Sir Denis Hamilton, 7,737 and 42,225 held indirectly, Mr. G. B. Parrack, 30,000 and 33,561 held indirectly, Lord Thomas of Remenham 20,904 and Mr. J. T. Tory, 3,498.

YOUNG AUSTEN

Acceptances of the recommended cash offer made on behalf of Trafalgar House for the capital of Young Austen and Young not already owned by Trafalgar have been received in respect of 1,671,625 Ordinary shares, which, together with the 1,219,100 Ordinary shares owned by Trafalgar prior to the offer period, represents 71.28 per cent. of the YAY capital.

FOOD PRICE MOVEMENTS

	March 23 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,060	1,060	1,030
British A.1 per ton	1,035	1,035	1,005
Irish Special per ton	1,035	1,035	1,005
Ulster A.1. per ton†	1,035	1,035	1,005
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	10.94/11.05
English per cwt†	67.37	67.37	65.27
Danish salted per cwt†	70.15/70.18	70.15/71.18	70.15/72.41
CHEESE†			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,219.42	1,219.42	1,219.42
EGGS*			
Home produce:			
Size 4	3.60/4.20	3.90/4.20	3.60/4.00
Size 2	4.10/4.70	4.40/4.90	4.10/4.70
	March 23 p	Week ago p	Month ago p
BEEF			
Scottish killed sides (ex-KKCF)	50.0/53.0	48.0/52.5	50.0/53.0
Eire forequarters	—	35.0/40.0	—
LAMB			
English	50.0/61.0	50.0/57.0	50.0/55.0
NZ PLs-PMs	44.0/45.5	44.0/46.5	44.0/46.0
MUTTON—English ewes	—	—	—
PORK—(all weights)	36.0/42.0	36.0/42.0	36.0/43.0
POULTRY—Broiler chickens	32.0/35.0	32.0/34.5	31.0/35.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery March 25-April 1.

This week's SE dealings

Thursday, March 23	5,462	Tuesday, March 21	5,273	Friday, March 17	4,935
Wednesday, March 22	5,826	Monday, March 20	4,098	Thursday, March 16	4,824

The list below records all Thursday's markings and also the latest markings during the week of any share not dealt in Thursday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ⊕ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in". $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 31.3.78

Terms (years)	3	4	5	6	7	8	9	10
Interest %	9½	10	10¼	10¾	11	11¼	11½	11½

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	10	½-year	250	4-7
Reading (0734 592337)	10	½-year	1,000	5-7
Redbridge (01-478 3020)	10	½-year	200	5-7
Southend (0702 49451)	9¾	½-year	250	3
Thurrock (0375 5122)	10	½-year	300	4
Thurrock (0375 5122)	10¼	½-year	300	5-7
Wrekin (0952 505051)	8	½-year	500	2
Wrekin (0952 505051)	10	yearly	1,000	4

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
Abbey National	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Alliance	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Anglia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Birmingham	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Bradford and Bingley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Bristol and West	5.25%	5.50%	6.75%	—
Bristol Economic	5.75%	6.00%	7.25%	6.25% 3 months' notice
Britannia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Burnley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Cardiff	5.75%	6.30%	7.30%	—
Catholic	5.50%	●6.20%	7.25%	— ● 6.45% over £5,000
Chelsea	5.25%	5.50%	6.75%	6.25% 6 months' notice, minimum £500
Cheltenham and Gloucester	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs. (£500-£15,000)
Citizens Regency	5.25%	5.80%	7.30%	7.05% 3 yrs. over £5,000
City of London	5.50%	5.80%	6.75%	6.72% 3 yrs., min. £500
Coventry Economic	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 1 yr. min. 3 mths. notice
Coventry Provident	5.25%	5.50%	7.50%	6.75% 3 yrs.
Derbyshire	5.25%	5.50%	6.75%	— Up to 6% 3 months' notice
Gateway	5.25%	5.50%	6.75%	6.50% 3yrs., 6.00% 2yrs., min.£500-£15,000
Guardian	5.75%	6.25%	6.30%	6.95% 3 mths.' notice, minimum £1,000
Halifax	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Hastings and Thanet	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 1½ yrs., £250-£15,000
Heart of England	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 3 months' notice
Hearts of Oak & Enfield	5.25%	5.75%	7.25%	6.75% 3 yrs., 6.50% 2 yrs., 6.25% 1 yr.
Hendon	5.50%	6.00%	—	6.50% 6 months' notice, minimum £2,000
Huddersfield & Bradford	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., £100-£15,000
Leamington Spa	5.35%	5.60%	7.36%	6.35% 2 yrs.
Leeds Permanent	5.25%	5.50%	6.75%	—
Leicester	5.25%	5.50%	6.75%	6.50% 3yrs., 6.00% 2yrs., min.£100-£15,000
Liverpool	5.75%	6.00%	7.45%	7.10% 3 yrs., 6.80% 2 yrs., min. £1,000
London Goldhawk	5.75%	6.25%	7.50%	7.25% 3 yrs., 6.75% 1 yr.
Melton Mowbray	5.35%	5.60%	6.75%	6.35% 2 yrs., min. £2,000
Midshires	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs. min. £250
Mornington	†5.20%	6.20%	—	—
National Counties	5.50%	5.80%	6.80%	6.25% 6 months
Nationwide	5.25%	5.50%	6.75%	6.50% 3-4 yrs., min. £500, 6.00% 2 yrs.
Newcastle Permanent	5.00%	5.30%	6.50%	6.60% 3 yrs., 6.50% 2 yrs.
New Cross	6.50%	6.75%	—	—
Northern Rock	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £100
Norwich	5.25%	5.50%	7.00%	6.25% 2 yrs., minimum £500
Paisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs. min. £500
Peckham Mutual	5.50%	6.00%	—	—
Portman	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 3 mths.
Progressive	5.40%	5.65%	6.75%	6.65% 3yrs., 6.4% 2yrs., 6.15% 3mths.not.
Property Owners	■5.25%	6.00%	7.25%	6.90% 3 mths. not. ■4.50% to limitd. cos.
Provincial	5.25%	5.50%	6.75%	6.50% 3-4 yrs., 6.00% 2 yrs.
Skipton	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Sussex Mutual	5.55%	5.80%	7.05%	6.85% 3 yrs., 6.55% 2 yrs., min. £500
Town and Country	5.25%	5.50%	♣10.00%	6.50% 3 yrs., 6.00% 2 yrs. ♣ Max. £250
Woolwich	5.25%	5.50%	6.75%	6.00% 2 yrs., 6.50% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates. † Available from April 1.

GOLD MARKET

	Mar. 23	Mar. 22
Gold Bullion (a fine ounce)		
Close	$179-179¾	$180-180¾
Opening	[illegible]	$178-178¾
Morning fix'g	$182.10 (£96.197)	$178.55 (£94.065)
Afternoon fix'g	$179.30 (£95.197)	$179.35 (£94.519)
Gold Coins, domestically		
Krugerrand	$184½-186½ (£98¼-99¼)	$186-188 (£98-99)
New Sov'gn	$54¾-56¾ (£29¼-30¼)	$55-57 (£29-30)
Old Sov'gn	$58-60 (£31-32)	$57¾-59¾ (£30¼-31¼)
Gold Coins, internat'ly		
Krugerrand	$184-186 (£98-99)	$185¼-187¼ (£97¾-98¾)
New Sov'gn	$54¾-56¾ (£29¼-30¼)	$55-57 (£29-30)
Old Sov'gn	$58-60 (£31-32)	$57¾-59¾ (£30¼-31¼)
$20 Eagles	$295¼-296¼	$293-296

CURRENCY RATES

	Special Drawing Rights	European Unit of Account
	March 23	March 23
Sterling	0.650767	0.662436
U.S. dollar	1.23060	1.25388
Canadian dollar	1.38529	1.41011
Austria sch	18.0560	18.3905
Belgian franc	39.0131	39.7611
Danish krone	—	—
Deutsche mark	2.50698	2.55345
Dutch guilder	2.68394	2.73294
French franc	5.73159	5.83282
Italian lira	1051.82	1071.43
Japanese yen	283.058	287.843
Norway krone	—	6.74891
Spain peseta	—	99.9525
Swedish krona	5.66138	5.78534
Swiss franc	2.33814	2.38469

MONEY + EXCHANGES

Bill rate higher

Bank of England Minimum Lending Rate of 6½ per cent. (since January 6, 1978)

The Treasury bill rate rose by 0.1327 per cent. to 5.9832 per cent. at Thursday's tender, and Bank of England Minimum Lending Rate was unchanged at 6½ per cent. The minimum accepted bid was £98.51½, compared with £98.55 previously, and bids at that level were met as to about 40 per cent. The £600m. bills offered and allotted attracted bids of £1,049.46m., and all bills tendered were allotted. Next week a further £600m. will replace a similar number of maturities.

Day-to-day credit was in short supply in the London money market and the authorities gave a moderate amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small number of local authority bills.

Banks brought forward very high balances, and substantial Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a sizeable net take-up of Treasury bills to finance, the note circulation increased ahead of the holiday week-end, and the market was also faced with repayment of the money lent to the houses overnight on Wednesday.

Discount houses paid up to 6½ per cent. for secured call loans, and closing balances were taken at 5-5½ per cent.

In the interbank market overnight loans opened at 6⅛-6¼ per cent., and remained between 5 per cent. and 6 per cent. for most of the day, before closing at 2 per cent.

Mar. 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	2-6¼	—	—	—	6⅜	5-6¼	—	—	—
2 days notice	—	—	6⅛-6¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	6⅛-6¼	—	6¾	6½	6-6¼	—	—	—
One month	6⅛-6[illegible]	[illegible]	6¼-6⅜	6¾-6¼	6¾	6¾	6	[illegible]	6¼	6⅞
Two months	[illegible]	[illegible]	—	6¾-6¼	7	—	6	[illegible]	6[illegible]	6¾
Three months	6⅝-6½	[illegible]	6½-6⅝	6¾-6¼	7⅛	—	6	[illegible]	6[illegible]	6¾
Six months	6⅞-6¾	[illegible]	7	6¾-6¼	7¼	—	—	—	6[illegible]	7⅛
Nine months	[illegible]	7⅛-[illegible]	—	7¼-6¾	7½	—	—	—	—	—
One year	7⅝-7⅛	[illegible]-7⅛	7⅞-8	7¾-7¼	8¼	—	—	—	—	—
Two years	—	—	8⅞-9⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rate nominally three years 10 per cent., four years 10½ per cent.; five years 10½-11 per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 6[illegible] per cent.; four-month trade bills 6¾ per cent.

Approximate selling rates for one-month Treasury bills 5¾-5²⁵⁄₃₂ per cent.; two-month 5¹³⁄₁₆-5²⁷⁄₃₂ per cent.; and three-month 5¾-5²⁹⁄₃₂ per cent. Approximate selling rate for one-month bank bills 6¼ per cent.; two-month 6⁵⁄₃₂ per cent.; and three-month 6⁵⁄₁₆ per cent. One-month trade bills 6¾ per cent.; two-month 6¾ per cent.; and also three-month 6¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.9832 per cent.

EXCHANGES AND BULLION

Sterling fell sharply in thin pre-holiday trading in the foreign exchange market on Thursday. It opened at $1.8970-1.8980, and touched a best level of $1.8980-1.8990 in the morning. As sellers of sterling entered the market the Bank of England probably intervened to steady the decline, with the rate falling from $1.8930 down to $1.89.

There was no indication of support for the pound in the later stages however, and sterling slipped to a low point of around $1.8680. It closed at $1.8725-1.8745, a fall of 2.45 cents on the day.

The pound's trade-weighted index on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England fell to 62.9 from 63.8, after standing at 63.4 at noon and 63.7 in early trading.

The U.S. dollar was slightly weaker against most other currencies, touching a low point of Sw.Frs.1.8975, and closing at Sw.Frs.1.9045, compared with Sw.Frs.1.9175 previously.

The D-mark finished at DM2.0410 in terms of the dollar, compared with DM2.0420 on Wednesday, and the Japanese yen closed at Y229.90 compared with Y230.20.

Gold rose to $182.10 at the morning fixing, but fell sharply in the afternoon on a report that the Bank of Japan may sell gold. The metal closed at $179-179¾, a fall of $1. The krugerrand's premium over its gold content fell to 3.41 per cent. from 3.67 per cent. for domestic delivery, and to 3.18 per cent. from 3.26 per cent. in the international market.

FOREIGN EXCHANGES

Mar. 23	Bank Rate %	Day's Spread	Close
New York	6½	1.8680-1.8990	1.8725-1.8745
Montreal	8	2.1080-2.1370	2.1080-2.1100
Amsterdam	4½	4.06-4.15	4.08½-4.09½
Brussels	6	59.20-60.40	59.40-59.60
Copenhagen	9	10.48-10.68	10.48½-10.50½
Frankfurt	3	3.81-3.88	3.82-3.83
Lisbon	13	76.20-76.60	76.50-76.80
Madrid	8	149.25-151.75	149.35-149.50
Milan	11½	1,588-1,625	1,600-1,602
Oslo	8	10.00-10.18	10.01-10.03
Paris	9½	8.71-8.86	8.73½-8.75½
Stockholm	8	8.60-8.75	8.61-8.63
Tokyo	3½	427-442	430-435
Vienna	5½	27.35-27.80	27.45-27.50
Zurich	1	3.55-3.64	3.58-3.59

*Rates given are for convertible francs. Financial franc 59.35-59.55.

Six-month forward dollar 0.17-0.27c pm. 12-month 0.35-0.65c pm.

U.K. CONVERTIBLE STOCKS 22/3/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.§	Income Diff.▽	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	9.05	150.00	100.0	76-80	6.1	3.7						
Associated Paper 9½pc Cv. 85-90	1.40	93.00	200.0	76-79	10.4	10.8	−1.1	−10 to 1	8.9	8.9	0.0	+1.1
Bank of Ireland 10pc Cv. 91-96	8.22	157.00	47.6	77-79	6.4	4.2	−5.3	−12 to −3	15.1	9.2	−3.8	+1.7
British Land 12pc Cv. 2002	7.71	135.00	333.3	80-97	9.3	9.0	17.4	10 to 26	0.0	95.8	83.3	+65.9
English Property 6½pc Cv. 98-03	8.34	90.00	234.0	76-79	7.4	7.6	−1.4	−8 to 3	11.7	6.2	−8.0	−4.6
English Property 12pc Cv. 00-05	15.31	96.00	150.0	78-84	13.1	13.2	64.1	40 to 75	32.0	53.1	36.0	−28.1
Hanson Trust 6½pc Cv. 88-93	4.51	80.00	57.1	76-80	8.1	8.9	2.2	1 to 10	11.1	8.7	−3.0	−5.2
Hewden-Stuart 7pc Cv. 1995	0.07	220.00	470.4	75-79	3.2	0.1	−18.4	−17 to −5	14.8	6.5	−3.3	+10.1
Pentos 15pc Cv. 1985	1.06	132.00	166.7	76-82	11.7	9.7	−4.8	−5 to 8	48.3	48.1	−0.1	+4.5
Slough Estates 10pc Cv. 87-90	5.50	157.00	125.0	78-87	6.5	3.1	8.3	5 to 12	38.1	58.3	12.5	+4.2
Tozer, Kemsley 8pc Cv. 1981	7.35	89.00	153.9	74-79	8.9	11.5	34.5	26 to 41	12.2	7.3	−7.5	−42.0
Wilkinson Match 10pc Cv. 83-98	11.10	90.00	40.0	76-83	11.4	11.6	33.1	22 to 38	23.8	40.8	20.8	−12.3

* Number of Ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on Ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent. per annum and is present valued at 12 per cent. per annum. · Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent. per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent. of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent. of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

(By permission of the Stock Exchange Council)

STOCK EXCHANGE REPORT

Pre-Easter session finishes on a quietly dull note

Equity index loses 2.1 at 460.5—Rally in Golds continues

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 13	Mar. 30	Mar. 31	Apr. 11
Apr. 3	Apr. 13	Apr. 14	Apr. 25
Apr. 17	Apr. 27	Apr. 28	May 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity stock markets continued the Wednesday's downward drift to close the second-leg of the long Easter Account with losses in leading issues of a few pence. The mild bout of Budget optimism, which had stimulated buying enthusiasm earlier in the week, failed to re-materialise and most sectors gave further ground on occasional small offerings and the reluctance of operators to enter into fresh commitments ahead of the four-day closure.

Two FT index stocks, however, sustained above-average falls, APC reacting 10 to 233p on institional liquidation which accompanied talk that a broker had rerated his opinion of the stock, and a similar fall in Tate and Lyle, to 194p, followed revived selling in an unwilling market. This accounted for part of the loss in the FT 30-share index, which closed 2.1 down at 460-5, but was still up 3.3 over the four trading days.

Despite the paucity of business, a few features emerged which helped provide relief from the general tedium. The surprising turn of events in the Henry Wigfall/Comet Radiovision bid situation rekindled considerable interest, Comet claiming an increased acceptance of slightly over 40 per cent., compared with only 22.3 per cent. the previous day, a development which transformed recent firm views about the offer having little chance of success and forcing Wigfall 21 higher to 235p.

Elsewhere, Gold shares rallied further after the recent setback on fears of possible U.S. Treasury sales of gold. Revived U.S. demand was again the major factor motivating the movement which culminated with the Gold Mines index up 4.3 at 156.8 for a two-day rise of 15.5.

Sterling affects Gilts

Sterling's uninspiring trend in foreign exchange markets was thought to be largely responsible for scattered selling of British Funds and quotations drifted ¼ lower at the longer end. Switching operations contributed to a generally meagre level of business as most operators were prepared to defer any potential commitments until the market recommences trading next Tuesday. The situation was very similar among the shorts where sentiment was also affected by the higher interest rate on this week's offering of Treasury bills, although Minimum Lending Rate remained at 6½ per cent. Corporations resisted the slightly easier trend in the main funds and several issues moved up ½, while Southern Rhodesian bonds often rose a couple of points as dealers brought their bid and offer levels into line; little actual trade was reported and the 2½ per cent. 1965-70 bond closed 2 points higher at £60.

A combination of sterling's late easiness and the vigorous efforts of one rather large buyer produced a fillip in the investment currency premium to 100 per cent. before a subsequent softening to 99¼ per cent. for a net gain of a point. Earlier business had been more evenly balanced at only slightly increasing rates. Yesterday's SE conversion factor was 0.6928 (0.6912).

After Thursday's impressive debut, interest in Saga Holidays subsided and the close was unaltered at 120p, after 121p, a premium of 15 on the offer for sale price of 105p.

Discounts easier

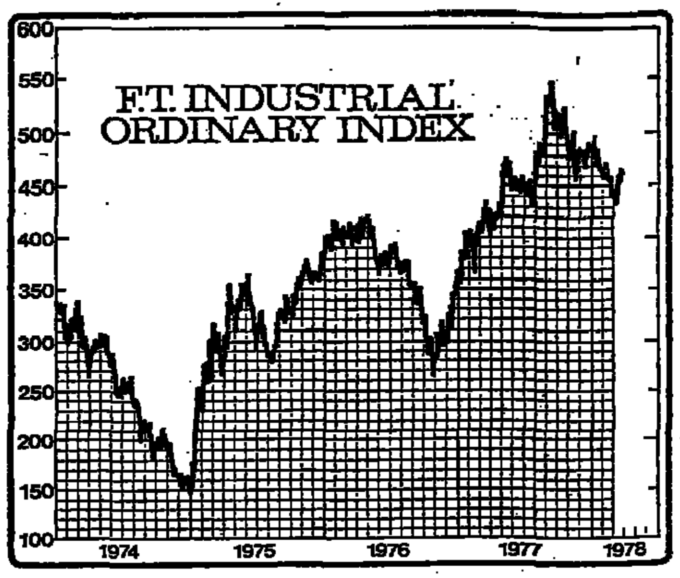
Discounts encountered late selling and closed lower throughout. Alexanders, 235p, and Cater Ryder, 292p, lost 10 apiece, while Gerrard and National declined 5 to 165p as did Gillett Bros. to 215p. Smaller priced issues to give ground included King and Shaxson, 63p, and Smith St. Aubyn, 75p, both 3 lower. The major clearers were steadier after Wednesday's dullness that stemmed from the Nigerian Government's decision to order the withdrawal of all public funds from Barclays Bank of Nigeria and a reduction in the number of foreign employees. Barclays, down 10 the previous day, were barely tested and held the overnight level of 330p but Lloyds and NatWest cheapened 2 to the common level of 268p.

Adverse Press comment on the results prompted a further fall of 4 to 112p in C. T. Bowring. Elsewhere in Insurances, Royals dipped 5 to 380p and Sun Alliance shed 4 to 536p; the latter's preliminary results are due on April 5.

Trade in Breweries remained at a low ebb. Allied were unaltered at 91p, while A. Guinness hardened a penny to 175p. Boddingtons, however, eased 2 to 150p following Press comment on the results. Elsewhere, Distillers firmed a penny to 177p helped by an investment recommendation. Macallan Glenlivet, at 300p, made no response to the increased first-half profits.

Unsettled by a bearish broker's circular, AP Cement lost 10 to 233p, but other leading building issues maintained overnight levels in diminished trade. Elsewhere, Johnson-Richard Tiles moved up 3½ to 118½p awaiting developments on the approach from Hepworth Ceramic, while Derek Crouch responded afresh to small buying, adding 3 to 91p. J. Jarvis, which attracted a similar business, firmed a like amount to 176p. Gibbs and Dandy, 28p, and Richards and Wallington, 85p, both put on 2, while Press mention helped Ibstock Johnsen edge forward a penny to 145p. Profit-taking however, clipped 2 from Wilson (Connolly) at 133p.

Coates Brothers were marked down following profits below market expectations, the Ordinary and A both closing 2 lower at 64p and 63p respectively. ICI eased 3 to 355p and Fisons cheapened 8 to 337p. In contrast, Brent Chemicals gained 4 to 189p in front of next Tuesday's preliminary results and Stewart Plastics rose 2 more to 137p on small buying.



H. Wigfall rebound

The Henry Wigfall/Comet Radiovision bid situation began to intrigue through the latter claiming an increased acceptance of its offer and, reflecting the prospect of a much tighter contest than recently considered possible, Henry Wigfall rose to 242p in brisk trading before closing 21 better on balance at 235p; a discount still of around 40 on the Comet Radiovision offer with the latter a penny harder at 107p. Elsewhere in Electricals, F. W. Thorpe, edged forward 3 to 60p on further consideration of the results, while dollar premium influences helped Sony rise 7 to 567p and Philips' Lamp harden 15 to 865p. Racal Electronics contrasted with a fall of 12 to 212p, while losses of 4 were seen in both Thorn Electrical, 352p, and Ever Ready, 143p.

Leading Stores plotted an irregular course in thin trading. W. H. Smith "A" improved 3 more to 160p and UDS edged forward a penny to 90p, but House of Fraser reacted 3 to 143p. Elsewhere, Acquascutum, 36p, and the "A," 35p, rose 3 and 2 respectively. Still drawing strength from Tuesday's good preliminary results, W. and E. Turner put on a penny more to 35p, while Pittard, at 63p, achieved a Press-inspired rise of 3.

Motivated afresh by its award of a £25m. rig contract, Matthew Hall closed a further 8 higher at 190p. Buying in a thin market lifted Braithwaite 10 to 143p and, still reflecting a recent investment recommendation, Aurora gained 3 more at 94p. Glynwed moved up 3 to 111p following the sale of its steel sheet division, while Jones and Shipman hardened 2 to 114p in response to the higher annual earnings. Molins added 4 to 116p after comment on the results. Percy Lane held at 59p, but still closed the week with a gain of 10; the preliminary figures are due next Wednesday. Of the narrowly mixed Engineering leaders, Tubes at 370p, retrieved 2 of the previous day's fall of 10 which followed the annual results.

Tate and Lyle featured with a reaction of 10 to 194p on the appearance of a large seller who found the market unwilling. Other Foods were generally better where changed. Bejam continued firmly, rising 2 to 62p for a two-day gain of 4½ on the satisfactory interim statement. Higher earnings lifted Jamesons Chocolates 2 to 68p, while Morgan Edwards improved similarly to 25p and Bernard Matthews rose 5 to 147p. News that the Prices Secretary, Mr. Roy Hattersley, was satisfied with the cuts in tea prices implemented by blenders and has dropped plans to bring forward an order to enforce further reductions had little effect on the companies concerned. Cadbury Schweppes were slightly dearer at 51p, while Brooke Bond, 47½p, and J. Lyons, 96p, closed without alteration. In Supermarkets, William Morrison eased 5 to 200p, but still showed a rise on the week of 13 following the preliminary figures.

A London broker's downgrading of profit projections upset Rank Organisation which fell to 236p before closing 12 down on the day at 238p. Other Miscellaneous Industrial Leaders had little to offer and drifted gently lower in thin trading. Beecham eased 2 to 625p and similar losses were seen in Glaxo, 525p, and Unilever, 492p. Elsewhere, a resurgence of speculative buying on bid hopes helped Ofrex move up 6 to 112p, while Wood and Sons were favoured at 38p, up 5½. J. F. Nash Securities gained 5 to 80p in a thin market, while improvements of 3 were seen in Electrical and Industrial Securities, 44½p, Sotheby Parke, 290p, and White Child Beney, 77p. Having fallen 12 the previous day following news of a subsidiary's unquantified losses, Barrow Hepburn edged tentatively forward to 36p before reverting to the overnight level of 34p. Friedland Doggart cheapened 3 to 90p on the annual results, and losses of 4 and 5 respectively were recorded in Extel, 90p, and Granada "A," 98p.

Motors and Distributors had little to commend them. Rolls-Royce, at 83½p, closed a shade easier following Wednesday's gain of 3 which followed news of the dividend forecast and capital proposals. Tate of Leeds, a good market of late on the preliminary figures, shaded 2 to 61p, while further consideration of acquisition news clipped a penny from T. Cowie at 40½p. W. J. Reynolds, currently in receipt of a 45p cash offer from Oakstone, a private company owned by Mr. T. J. Clemence, eased a penny to 43½p. Manchester Garages, the original bidders, finished marginally cheaper at 28p.

Newspapers and kindred trades closed with small irregular price movements after an idle trade. Ahead of their respective preliminary profit announcements next Tuesday and Friday, United Newspapers and Thomson held steady at 326p and 210p respectively. Liverpool Daily Post edged forward 2 to 127p in response to comment on the record earnings but recent speculative favourite, Mills and Allen, ran out of steam and softened 3 to 192p.

Leading Properties again passed a quiet session and generally remained at overnight levels, but secondary issues were notable for weakness in Centrovincial Estates on the unexpected first-half loss; the Ordinary fell 5 to 77p and the "A" 4 to 76. In constrast, A. and J. Mucklow encountered small buying and rose 3 to 110p ahead of interim figures, due next Friday.

Only steady for most of the day, leading Oils developed a firmer trend in the late dealings. British Petroleum edged higher to finish 6 better at 784p, while Shell hardened a few pence to 525p. Speculative issues were featured by a sharp after-hours' rise of 16 to 282p in Siebens (U.K.) on vague rumours of a farm-out in Block 9/4 of the North Sea. Oil Exploration, down to 204p at one stage, recovered to close without alteration at 212p, but Ultramar ended 2 cheaper at 230p, after 228p.

United City Merchants, a firm market of late, expressed disappointment with the interim figures: the Ordinary and 10 per cent. Loan both closing 3 cheaper at the common price of 50p. S. and W. Berisford were lowered 4 to 213p, but small buying raised James Finlay 5 to 290p.

Numerous small gains occurred in Investment Trusts following a quiet trade. Border and Southern rose 3 to 248p, while similar rises were seen in Cardinal Deferred, 97p, Second Alliance Trust, 170½p, and International Pacific Securities, 155p. In Financials, small buying raised Fashion and General 3 to 113p and Kakuzi 10 to 110p. Suez Finance, a firm market of late on a combination of domestic and dollar premium influences, eased 1½ to £41½ for a two-day loss of 3¼.

Among Textiles, Blackwood Morton eased a penny to 22p on the first-half loss and Hugh Mackay reacted a like amount to 43p following reduced earnings. Imps typified conditions in Tobaccos, closing marginally cheaper at 77p after a light trade.

Gold Fields Properties, 5 harder at 75p, provided the only movement of note in little changed South African Industrials.

Malaysian issues, a firm market of late on Far Eastern advices, turned easier in otherwise little changed Plantations. Kuala Lumpur Kepong eased 1 to 51½p, while Malakoff shaded 2 to 83p and Highlands 2½ to 86p.

Golds strengthen

After losing ground in the early part of the week on rumours of a further dollar support package which could possibly include U.S. Treasury bullion sales, the bullion price later staged a good recovery and prompted a similar improvement in South African Gold share prices.

Yesterday the Gold Mines index added 4.3 more to 156.8—a two-day gain of 15.5—bringing the overall rise on the shortened week to 7.2. The bullion prices, however, closed $1 lower at $179.375 per ounce, a fall on the week of $4.25.

An initial Cape demand enabled Golds to move ahead and prices hardened further as bullion touched $182.10 at the morning fixing. The downturn in the latter in the afternoon had little effect on prices, as U.S. interest became evident, and they generally closed at or around the day's best levels.

Heavyweights registered gains of up to ¾ as in Randfontein, £34½, while improvements of ½ were common to Hartebeest, £18¼, Vaal Reefs, £13½ and Western Holdings, £18. Among the medium-priced issues East Driefontein put on 34 to 697p and Buffels a similar amount to 871p. Marginals were featured by the revived speculative demand for Wit. Nigel, which left the shares 8 higher at 50½p.

A good Cape demand coupled with the further rise in the investment currency premium enabled South African Financials to move ahead. Union Corporation closed 10 higher at 278p, after 280p and Anglo American Corporation were 5 better at 289p, after 292p. De Beers were active and finally a penny harder at 343p, after a new 1977-78 high of 347p; the shares showed a 20 improvement on the week following news that the CSO intends to impose a 40 per cent. surcharge on prices of rough stone's at next week's "sight."

In Australians a further burst of speculative buying saw Northern Mining soar 12 more to 30p, after 33p; on Tuesday the shares were 9p. The company has a 5 per cent. interest in a consortium engaged in diamond exploration in the Kimberly region of Western Australia. Conzinc Riotinto, which has a 52.6 per cent. interest in the venture, were steady at 168p, a rise on the week of 10. Yesterday the consortium announced the establishment of a processing plant to treat samples.

FINANCIAL TIMES STOCK INDICES

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 17	Mar. 16	A year ago
Government Secs.	75.27	75.44	75.35	75.37	75.65	76.05	59.49
Fixed Interest	78.38	78.34	78.23	78.20	79.25	78.58	68.56
Industrial Ordinary	460.5	462.6	465.3	459.6	457.2	458.3	421.4
Gold Mines	156.8	152.5	141.3	141.9	149.6	158.5	134.8
Ord. Div. Yield	5.86	5.85	5.79	5.89	5.91	5.90	5.31
Earnings Y'ld% (full)(*)	17.29	17.23	17.02	17.31	17.38	17.36	16.50
P/E Ratio (net) (*†)	8.12	8.15	8.24	8.10	8.07	8.08	8.83
Dealings marked	5,462	5,826	5,273	4,098	4,935	4,824	5,989
Equity turnover £m.	—	85.19	79.88	85.96	63.82	88.01	95.25
Equity bargains total	—	14,997	18,389	14,076	12,995	14,466	18,955

10 a.m. 462.5. 11 a.m. 461.6. Noon 459.7. 1 p.m. 460.2.
2 p.m. 460.2. 3 p.m. 460.3.
Latest Index 01-246 8026.
*Based on 52 per cent. corporation tax. †Nil=8.07.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡Corrected.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.95 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 23	Mar. 22
—Daily		
Gilt-Edged	192.3	188.8
Industries	181.4	197.7
Speculative	51.7	55.6
Totals	134.3	132.6
5-day Av'rage		
Gilt-Edged	194.7	194.8
Industries	166.8	160.6
Speculative	50.4	49.8
Total	115.5	113.6

BANK RETURN

—	Wednesday Mar. 15 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	25,737,800	+ 2,032,048
Special Deposits	1,245,860,000	+ 16,560,000
Bankers	475,714,954	+ 208,676,699
Reserves & Other A/cs	689,308,853	— 31,595,176
	2,451,234,607	+ 179,113,575
ASSETS		
Govt. Securities	1,867,111,068	+ 69,640,000
Advances & Other A/cs	371,796,423	+ 98,354,761
Premises, Equip't & other Secs	173,849,926	+ 243,487
Notes	18,312,446	+ 9,893,437
Coin	164,724	— 18,110
	2,451,234,607	+ 179,113,575
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,000,000,000	+ 175,000,000
In Circulation	7,981,687,554	+ 165,106,563
In Bank'g Dept	18,312,446	+ 9,893,437
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	6,873,655,757	+ 8,659,422
Other Securities	1,115,329,143	+ 166,340,578
	8,000,000,000	+ 175,000,000

Pay group cool on comparison

A SUGGESTION by MPs that top civil servants' salaries should be compared with those of top executives in outside organisations, to establish the rate for the job, was given a lukewarm reception by the Review Body on Top Salaries yesterday.

Commenting on the report of the Commons Expenditure Committee on the Civil Service, the review body said that such are the differences in their jobs that direct comparison in salaries was often inappropriate.

A balance had to be struck between the relative degree of job security, potential financial rewards and accountability of the two groups.

Lancia scheme

A NEW low interest finance scheme by Lancia is to start in April. It will be offered at a flat rate of 6 per cent. a year, equivalent to a true rate of 11.7 per cent.

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	1	55	18	56	127	113
Corpns. Dom. and Foreign Bonds	11	2	53	43	21	203
Industrials	277	245	1,035	1,607	732	3,895
Financial and Prop.	119	98	307	643	289	1,164
Oils	7	8	19	43	28	68
Plantation	5	6	23	32	16	98
Mines	53	17	52	185	124	178
Recent Issues	3	6	18	14	14	77
Totals	476	437	1,525	2,618	1,351	5,796

ACTIVE STOCKS THURSDAY

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Shell Transport	25p	15	525	+ 3	635	454
Burmah Oil	£1	13	47	—	83	41
BP	£1	11	784	+ 6	966	720
De Beers Defd.	R0.05	11	343	+ 1	347	188
GEC	25p	11	248	+ 1	284	163
Beecham	25p	10	625	− 2	693	372
RTZ	25p	10	186	+ 2	247	164
ICI	£1	9	355	− 3	446	325
Rank Org.	25p	9	238	−12	276	128
Cons. Gold Fields	25p	8	176	—	224	137
Distillers	50p	8	177	+ 1	193	120
GUS A	25p	8	286	+ 2	347	176
Plessey	50p	8	99	+ 1	117	62
Reed Intl	£1	8	112	− 1	233	100
Wigfall (H.)	25p	8	235	+21	276	94

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1977-78 high	1977-78 low
BP	£1	60	784	+20	966	720
Shell Transport	25p	60	525	+17	635	454
ICI	£1	48	355	+10	446	325
Reed Intl.	£1	42	112	+ 2	233	100
Burmah Oil	£1	40	47	—	83	41
Beecham	25p	38	625	+ 5	693	372
GEC	25p	36	248	+ 1	284	163
BATs Defd.	25p	33	257	—	265	202
De Beers Defd.	R0.05	33	343	+20	347	188
RTZ	25p	33	186	+ 7	247	164
Cons. Gold Fields	25p	31	176	− 1	224	137
Grand Met.	50p	31	105	+ 2	109	62
Plessey	50p	30	99	+ 3	117	62
EMI	50p	29	146	+ 1	254	141
Marks & Spencer	25p	29	148	+ 2	173	96

BASE LENDING RATES

A.B.N. Bank	6½%	■ Hill Samuel §	6½%
Allied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
American Express Bk.	6½%	Julian S. Hodge	7½%
Amro Bank	6½%	Hongkong & Shanghai	6½%
A P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	6½%	Keyser Ullmann	6½%
Banco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	6½%	Lloyds Bank	6½%
Bank of Cyprus	6½%	London & European	8 %
Bank of N.S.W.	6½%	London Mercantile	6½%
Banque Belge Ltd.	6½%	Midland Bank	6½%
Banque du Rhone	7 %	■ Samuel Montagu	6½%
Barclays Bank	6½%	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	6½%
Bremar Holdings Ltd.	7½%	Norwich General Trust	6½%
Brit. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
■ Brown Shipley	6½%	Rossminster Accept'cs	6½%
Canada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	6½%
Cayzer Ltd.	7 %	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
■ Charterhouse Japhet	6½%	Shenley Trust	9½%
Choulartons	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
[illegible]	[illegible]	[illegible]	[illegible]

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 21	Apr. 10	Jun. 22	July 5
Apr. 11	Apr. 24	July 6	July 19
Apr. 25	May 9	July 20	Aug. 3

For rate indications see end of Share Information Service

Money was given for the call of William Press, Premier Consolidated Oil, British Land, Westminster Property, Thomson Organisation, Town and City Properties, Atlantic Assets Trust, Charterhall, Milbury, Duple International, Blackman and Conrad, Dawson International, and Wheatsheaf Distribution, while doubles were arranged in Burmah Oil, and De La Rue. A *short-dated* double was transacted in Ladbroke Warrants.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service on Thursday attained new Highs and Lows for 1977-78.

NEW HIGHS (27)

AMERICANS (1)
American Medical Int.
BANKS (1)
Algemene
BEERS (1)
Amal. Distilled Prods.
BUILDINGS (2)
Richards & Wallington
Johnson-Richards
CHEMICALS (1)
Crystalate
DRAPERY & STORES (1)
Preedy (A.)
ELECTRICALS (1)
Thorpe (F. W.)
ENGINEERING (5)
Birmingham Pallet; Meggitt
Chemring; Metalrax
Hill & Smith
HOTELS (1)
Prince of Wales
INDUSTRIALS (4)
Christies Int.; Neil & Spencer
Hutch Whamp; Sotheby P. B.
PROPERTY (1)
Estates Prop. Inv.
SHOES (1)
Turner (W. & E.)
TEXTILES (2)
Reed (Wm.); Sekers Int.
TRUSTS (3)
Int. Pac. Secs.; Majedie Invs.
Montague Boston Warrants
OILS (1)
Endeavour
MINES (1)
De Beers Defd.

NEW LOWS (2)

MINES (2)
Silvermines; South Crofty

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977/8 High	1977/8 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	—	121	118	Saga Holidays	120		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

INSURANCE, PROPERTY, BONDS

Eagle Star Insur/Midland Ass.

Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	49.5	51.3	−0.4	6.07

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe 0494 33377

Equity Fd.	106.2	111.7	−0.7	—
Property Fd.	102.6	107.9	....	—
Fixed Interest F.	110.6	116.4	−0.4	—
Gtd. Deposit Fd.	98.0	103.1	....	—
Mixed Fd.	105.9	111.4	−0.5	—

General Portfolio Life Ins. C. Ltd.♥

60 Bartholomew Cl., Waltham Cross. WX31971

Portfolio Fund		129.3	....	—
Portfolio Capital	41.6	43.7	....	—

Gresham Life Ass. Soc. Ltd.

Prince of Wales Rd., B'mouth. 0202 767655

G.L. Cash Fund	95.4	100.4	....	—
G.L. Equity Fund	100.0	105.3	....	—
G.L. Gilt Fund	114.7	120.7	....	—
G.L. Intl. Fund	101.2	106.5	....	—
G.L. Ppty. Fund	95.5	100.5	....	—

Growth & Sec. Life Ass. Soc. Ltd.♥

Weir Bank, Bray-on-Thames, Berks. Tel. 34284

Flexible Finance		£1,069	....	—
Landbank Secs.		55.43	....	—
Landbank Secs. Acc.	116.2	119.3	....	—
G.&S. Super Fd.		£7.9693	....	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	76.0	80.0	+4.1	—
Nelex Eq. Accum.	106.3	111.8	−0.6	—
Nelex Money Cap.	60.2	63.3	−1.5	—
Nelex Mon. Acc.	63.2	66.5	−1.2	—
Nelex Gth Inc Acc.	47.0	49.4	+2.7	—
Nelex Gth Inc Cap.	46.6	49.0	+2.4	—

Next sub. day March 25.

For New Court Property see under Rothschild Asset Management

NPI Pensions Management Ltd.

48, Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	141.1	147.0	....	—

Prices March 1. Next dealing April 3.

New Zealand Ins. Co. (U.K.) Ltd.♥

Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	134.6	158.8	....	—
Small Co's Fd.	99.2	104.4	+4.4	—
Technology Fd.	98.9	104.1	+4.1	—
Extra Inc. Fd.	96.7	101.8	+2.0	—
American Fd.	95.6	100.6	+2.9	—
Far East Fd.	95.0	100.0		
Gilt Edged Fd.	102.1	107.5	+7.5	—
Con. Deposit Fd.	95.3	100.3	+0.2	—

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St, Sydney, Aust.

Javelin Equity Tst.	$1.85	1.94	−0.01	—

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	125.0	133.0		—

As at Feb. 28. Next sub. day Mar. 31

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK210.69	....	3.40
Jardine J'pn. Fd.*	$HK292.08	....	1.00
Jardine S.E.A.	$US12.25	....	2.50
Jardine Flem. Int.	$HK8.94	....	—

NAV Mar. 15. *Equivalent $US68.38. Next sub. March 31.

Kemp-Gee Management Jersey Ltd.

1, Charing Cross, St. Helier, Jersey. 0534 73741

Kemp-Gee Capital	84.6	87.2	....	—
Kemp-Gee Income	65.3	67.3	....	8.50

U.S. Tst. Inv. Fnd.	$US9.62	−0.02	0.96

Net asset March 22

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Fd. Mar. 22		$US9.47	+0.01	—
Engy. Int. Mar. 22		$US15.73	−0.02	—
Gr. St. $Fd. Feb. 28		$US6.51		—
Mer. Eur. Fd. Mar. 22	$US10.18	10.29	−0.04	—

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Feb. 23	$US12.37	12.69	....	—
CMT Ltd. Feb. 23	£12.62	12.95	....	—
Metals Tst. Mar. 16	£11.48	11.76	....	—
TMT Mar. 9	$US9.18	9.42	....	—
TMT Ltd. Mar. 9	£9.28	£9.52	....	—

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US12.91	+0.01	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 458-463

INSURANCE BASE RATES

† Property Growth 7½%
† Vanbrugh Guaranteed 6.57%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 44¼% (based on $US1.8815 per £)

Conversion factor 0.6928 (0.6912)

CANADIANS

[illegible]

S.E. List Premium 44¼% (based on $2.1176 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
210	70	Falcon Rh.50c	190	......	Q50c	1.3	24.2
24	9	Rhod'n Corp. 16½p.	19	......	0.57	4.3	4.5
165	52	Roan Cons. K4	65	......	—	—	—
164	115	Tanganyika 50p	125	−1	Q11.0	1.1	8.8
80	70	Do. Pref. 80p	80	......	Q9%	16.4	9.0
42	27	Wankie Col. Rh.1	39	+1	Q7½c	1.4	16.4
27½	10	Zam.Cpr.SBD0.24	10½	+½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	10	......	—	—	—
127	57	Bougainville 50 Toea	95	......	Q6c	1.4	5.3
128	62	BH South 50c	71	......	—	—	—
325	119	Conzinc Riotinto 50c	168	......	Q10c	ϕ	3.7
72	18	G.M. Kalgoorlie $1	60	......	—	—	—
112	77	Hamptn Areas 5p	93	......	1.45	4.1	2.4
35	10	Metals Ex. 50c	10½	......	—	—	—
242	125	M.I.M. Hldgs. 50c	150	......	Q9c	1.7	3.7
105	10	Mount Lyell 25c	17	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	90	−1	Q8c	1.5	5.5
12	4½	Nth. Kalgurli	11	......	—	—	—
150	87	Oakbridge $A1	148	......	†Q11c	1.9	4.6
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	825	......	—	—	—
19	8	Paringa M&Ex.5p	16	......	—	—	—
555	345	Peko-Wallsend 50c	475	−5	Q15c	4.6	2.0
164	84	Westn. Mining 50c	105	......	Q6c	1.4	3.5
75	35	Whim Creek 20c	50	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	25	......	†2.51	1.6	15.2
395	240	Ayer Hitam $M1	270xd	......	[illegible]	0.9	‡
57	25	Beralt Tin	53	......	3.75	2.3	10.7
260	155	Berjuntai $M1	222	......	‡Q110c	ϕ	‡
142½	65	Geevor	115xc	......	18.05	3.4	23.8
13	8	Gold & Base 12½p	8½	......	—	—	—
325	190	Gopeng Cons.	225	......	15.0	0.9	10.1
150	72	Hongkong	147	......	—	—	—
100	60	Idris 10p	83	......	7.5	ϕ	13.7
11	7	Jantar 12½p	11	......	—	—	—
85	30	Kamunting $M0.50	69	......	ZQ15.5c	0.7	4.8
490	260	Killinghall	450	......	Q125	ϕ	27.8
410	217	Malay Dredging $M1	280xd	......	†Q95c	0.8	7.3
50	40	ΔPahang	50	......	†Q2.5	0.5	5.0
70	50	Pengkalen 10p	50	......	6.5	1.3	19.7
215	133	Petaling $M1	173	......	mQ12½c	10.9	1.6
90	35	Saint Piran	49	−1	g1.99	4.6	6.2
73	47	South Crofty 10p	47	−1	b4.12	1.5	10.4
210	77	South Kinta $M0.50	145	......	‡Q77.8c	2.4	11.5
305	148	Sthn Malayan $M1	245	......	‡Q131.3c	1.1	11.5
160	57	Sungei Besi $M1	152	−2	—	—	—
68	19	Supreme Corp. $M1	68	......	ZQ10c	—	3.2
102	42	Tanjong 15p	93	......	4.5	ϕ	7.3
95	45	Tongkah Hrbr. $M1	85	......	Q6.82%	1.6	14.4
203	93	Tronoh $M1	175xd	......	ZQ88c	ϕ	10.8

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
198	70	Messina R0.50	76	+2	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
600	220	Cons. Murch. 10c	235	+5	Q30c	ϕ	7.6
475	245	Northgate C$1	285	−2	—	—	—
247	164	R.T.Z.	186	+2	18.5	q3.1	6.9
70	28½	Sabina Inds. C$1	31	......	—	—	—
£14⅛	750	Tara Exptn. $1	800	......	—	—	—
55	39	Tehidy Minerals 10p	43	......	1.21	2.5	4.3
160	120	Yukon Cons. C$1	145	......	Q7c	ϕ	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- Ⅱ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xp ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	43	......
Bertam	14	......
Bdg'wtr Est. 50p	285	......
Clover Croft	22	......
Craig & Rose £1	410	......
Dyson (R. A.) A.	41	......
Ellis & McHdy	65	......
Evans Fr'k.10p	57	......
Evered	15½	......
Fife Forge	47	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	150	......
Higsons Brew	80	......
I.O.M. Stm. £1	147	+3
Holt (Jos.) 25p	250	......
N'thn. Goldsmith	56	......
Pearce (C. H.)	129	......
Peel Mills	17	......
Sheffield Brick	46	......
Sheff. Refrshmt.	51	......
Shiloh Spinn	22	......
Sindall (Wm.)	83	......

IRISH

Conv. 9% '80/82	£96½	......
Alliance Gas	65	−5
Arnott	292	+12
Carroll (P.J.)	98	......
Clondalkin	92	+3
Concrete Prods.	125	+2
Heiton (Hldgs.)	49	......
Ins. Corp.	180	......
Irish Ropes	130	......
Jacob	60	......
Sunbeam	32	+2
T.M.G.	190	......
Unidare	75	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	38
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intreuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday March 25 1978

MAN OF THE WEEK

Hero by a small margin

BY ROBERT MAUTHNER

THE FRENCH have reluctantly, though not without considerable relief, proclaimed President Valery Giscard d'Estaing as "the real victor" of the general election. Reluctantly, because France likes to win its victories, either on the battlefield or rugby pitch, with panache and the *maximum of heroics*. Napoleon Bonaparte, crushing the combined armies of Europe, and General Charles de Gaulle, raising the flag of liberty and national independence in the face of overwhelming odds are the archetypal French heroes. Instead, France now has a general who wins his battles, not by brandishing a sword from a rearing white charger, but by carefully worked-out rapier thrusts at the enemy's soft under-belly. "C'est magnifique, mais ce n'est pas la guerre."

Though it may be a blow to their national pride, the French are even obliged to admit to-day that President Giscard has attained his ends by the subtle application of what they consider to be the typical, and somewhat contemptible English tactics of "divide and rule" and "wait-and-see." He adamantly refused to bow to the demands of his former Gaullist Prime Minister, M. Jacques Chirac, to bring the general election forward to the autumn of 1976 or the following spring. He rejected the latter's equally insistent calls that a frontal attack

Valery Giscard d'Estaing.

should be launched on what was *then still the Union of the Left*, long before the election was due. And he preferred to give the Socialists and Communists enough time and enough rope to hang themselves, which they duly did.

The political establishment, which only a few years ago was deriding President Giscard for his naivete and *gimmickry*—breakfasts with dustment and green dinner jackets at Elysee bridge parties—is now laughing on the other side of its face.

No doubt, M. Giscard d'Estaing, will not have quite as much room to do what he likes as some observers currently seem to think. While it is true that four almost equal parliamentary groups have emerged from the election and that the Left is hopelessly split, the support he can count on in the National Assembly is less than copper-bottomed.

The Socialists, however disillusioned they might be with their alliance with the Communists, will not suddenly start co-operating with the President. They have a clear interest in remaining an Opposition Party since their own leader, M. Mitterrand, has already indicated that he will run for the Presidency in 1981. And M. Chirac's Gaullists, though they were members of the coalition which won the election, *are much too anxious to maintain* their own identity to give the President their unconditional support.

Moderate

Nevertheless, the fact that M. Giscard d'Estaing has virtually received a second mandate from the people, after his paper-thin majority in the 1974 Presidential election, gives him a great psychological advantage. His moderate reform programme and his "advanced liberal society" have been underwritten by the electorate and, what is more, for three full years, because there will be no more elections to speak of before 1981.

The French President therefore has the best chance he has had since his election three years ago to defuse the bitter political and social conflicts which have been such an unfortunate feature of French history over the last decade.

Rather than relying on a heterogeneous political coalition, M. Giscard d'Estaing will try to blur the previously over-clear frontiers between Right and Left by appointing Ministers who personify national unity and by giving greater weight to the views of the Opposition: a President "a la carte anglaise," according to a pro-Giscard newspaper.

It is a good menu, at first sight. Whether the resulting *cuisine* will please the discriminating and individualistic French palate, is less certain.

Turkey in $450m. IMF credit deal

BY DAVID BELL

WASHINGTON, March 24.

AFTER WEEKS of intensive negotiations, Turkey has finally reached agreement with the International Monetary Fund on a two year programme which will be bolstered by about $450m. of IMF credits.

Mr. Ziya Muezzinoglu, the Turkish Finance Minister, who announced the agreement here to-day, said that Turkey now expected that as much as $1.6bn. of private bank credit might be available to restructure the country's short-term debts and to provide new funds.

The IMF, in what is clearly intended as a vote of confidence in the economic policies already *implemented* by the Ecevit Government, has allowed Turkey to become the first country to take advantage of the so called "Jamaica clause" in the fund's most recent amendments to its Articles of Agreement.

This permits countries to borrow well in excess of their fund quotas under "exceptional circumstances."

The outcome of these negotiations will be closely studied by other nations—including Peru, Zambia and Zaire—which are involved in fund negotiations. Significantly the fund has not in this case insisted on a wages and prices policy, partly because of the political implications of such an insistence.

Performance

Mr. Muezzinoglu signed a letter of intent with the fund yesterday, but the agreement does not formally come into effect until approved by the IMF Board in about two weeks' time. Under the deal, Turkey will get a total of 374m. SDRs (IMF special drawing rights), which is *roughly $450m.*

Some 200m. of the 374m. SDRs represent the Turkish quota in the fund, after the increase in quotas now on the verge of being approved by member Governments. A further 100m. comes from the "Jamaica clause" provision and the remaining 74m. from the Witteveen financing facility, which is now also all but approved.

As in all existing IMF agreements, the Turkish Government has agreed to abide by certain so far unpublished performance criteria and the whole arrangement is subject to review in a year's time.

Mr. Muezzinoglu said that the fund had taken account of the rigorous measures already taken *in Turkey and of the stabilisation* of the Turkish lira.

The Ecevit Government now expected that the balance of payments deficit, which last year climbed to $4bn., would be cut to about $2.4bn. by the end of this year and that within the next two years the rate of inflation would have fallen from its present 36 per cent. to about 20 per cent.

The negotiations with Turkey have been tough. The Belgian executive director of the fund, who represents Turkey on the Board, M. Jacques de Groote, has played a key role in forging an agreement.

Mr. Muezzinoglu said that the Letter of Intent meant that the "green light is now there" and that, most important of all, the agreement should restore considerable confidence in the Turkish lira.

Labour faces Scottish poll test

By Richard Evans and Ray Perman

THE Prime Minister will have a fifth — and particularly *unwelcome—by-election* pointer this summer to electoral prospects following the death of Mr. Alec Wilson, 60, Labour MP for Hamilton, in Lanarkshire.

Mr. Wilson's death in a Lanarkshire hospital late on Thursday means a crucial contest with the Scottish National Party. Hamilton has great emotional appeal to the Scottish party. It was there that the Nationalist revival began in 1967 when Mrs. Winifred Ewing won the seat from Labour.

The SNP needs only a 4 per cent. swing to capture the seat and last May, they took four district council seats from Labour. Their candidate is Mrs. Margo MacDonald, 35, senior vice-chairman of the party and one of the most accomplished Nationalist politicians. She became MP for Glasgow Govan at a by-election in November 1973, but lost the seat to Labour the following year.

A Nationalist by-election victory in the summer would send the party's morale soaring and cast doubts over plans Mr. Callaghan might have for calling an autumn General Election.

Labour's chances of retaining power at Westminster would be severely curtailed unless the challenge of the SNP can be successfully met.

Mrs. MacDonald is now heading the campaign committee at Garscadden, Glasgow, where there will be a by-election on April 13, two days after the Budget. This will be a far tougher task for the Nationalists, who need a swing of nearly 10 per cent. to capture the seat from Labour.

Both Labour and SNP candidates at Garscadden yesterday announced the results of opinion polls conducted by their party workers. The Labour poll shows the party five points ahead with 35 per cent. support, compared with 30 per cent. for the SNP and 18 per cent. for the Tories.

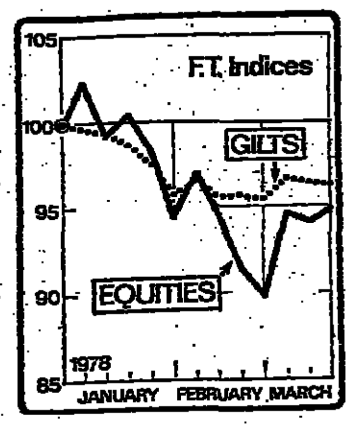
The SNP poll gives its candidate 36.3 per cent., Labour 33.1, and the Conservatives 13.7 per cent.

The other by-elections pending are at Lambeth Central (which includes Brixton with its high immigrant population) where polling is expected on April 20, and at Wycombe and Epsom, both safe Conservative seats.

THE LEX COLUMN

Blurred picture at Philips

Index fell 2.1 to 460.5



Although the level of business in equities was not all that bad, the stock market had an inconclusive look as it drifted towards the long holiday week-end. In fact the F.T. 30-Share Index has shown little net movement for the past two weeks, and when the market reopens on Tuesday there will be further excuses for caution during the run-up to the Budget. The steam has also gone right out of gilt-edged, where the buying of the *tap stock was choked off* by last week's money supply figures. And in the past few days the market has been uneasily eyeing the gradual drift downwards of sterling which on a trade-weighted basis is more than 5 per cent. below its peak. There is a suspicion that the Government is more than a little happy to see sterling edge lower for trade reasons, but given the inevitable adverse impact on inflationary expectations this cannot do gilts any good at all.

Philips

Philips' preliminary figures *yesterday only go* to show how confusing the results of a multinational company can be at a time of sharp currency movement, especially when trading conditions are difficult. In Philips' case, adverse currency differences have increased by 60 per cent. in 1977 to Fls.308m., knocking around a fifth off pre-tax profit; against an eighth last time. Net income now emerges at Fls.3.42 per share, a 13 per cent. improvement on 1976 but far short of the records established in 1973 and 1974. The currency factor also means that the group has not met the Board's forecast that pre-tax profits as a percentage of sales would show a slight improvement on 1976: this ratio is unchanged at 2.2.

Assuming Philips' mid-way revised forecast of about 7 per cent. volume growth has carried through the final quarter, and that price increases for the year were of the order of 5 per cent. in local currencies, the effect of currency translation on group sales appears to have been a reduction in guilder terms of perhaps 10 per cent. The turnover figure is only 2 per cent. up at Fls.31.1bn., and the gross margin has slipped a little to 7.1 per cent.

Philips is keeping details of how individual sectors performed until the annual report next month, but it is clear that the dominant consumer goods division, which represented 41 per cent. of all Philips' deliveries in 1976, has not achieved much growth.

What happens in 1978 will depend much on the currency factor again, and any upturn in the world economy could show through fairly quickly. But for the time being Dutch analysts such as Pierson Heldring and Pierson, and Mees and Hope, are talking of net income per share of between Fls.3.75 and Fls.4.00. As expected, Philips has upped the dividend by 10 cents to Fls.1.70.

Midland Bank

Midland Bank's annual report helps explain why the group jumped the gun last January and came back for its second rights issue in under three years. The group's capital ratios improved slightly over the year, but *this was made possible only* by further heavy recourse to the Eurobond market. Although the smallest of the big four clearing banks, Midland has the largest amount of debt outstanding and its gearing at the end of 1977 was roughly twice as high as the others. Even after the £96m. *rights issue its debt as a* proportion of shareholders' funds is still well over a third compared to around a fifth for the other banks although this is without taking account of the £140m. of deferred tax in the balance sheet.

In terms of balance sheet growth *Midland's* 13 per cent. increase is about par for the course and the only surprising element in the report, apart from the trebling in authorised capital expenditure to £93m., is the increased dependence in the money market. Although current account balances rose by 24 per cent. during the year and loan demand remained sluggish, *Midland's reliance on money* market funds rose to 36 per cent. against 25 per cent. just two years ago.

Comet/Wigfall

The long-running Comet-Wigfall battle entered the final round yesterday, and is heading for a conclusion on April Fool's Day. The odds are still that Wigfall's strongly entrenched defensive position will hold — with no sign yet of any breach in the 45 per cent. block of shares claimed by the directors and their friends. Yet the surge of late acceptances has taken Comet's tally up to 40.7 per cent. of the equity — implying that almost three-quarters of the uncommitted shareholders are in favour of the offer.

Does this represent a massive vote of no confidence in the Board? Wigfall is unlikely to accept it that way publicly for there are mutterings of double counting of some of the votes (nearly a fifth of Comet's acceptances represent holdings as yet unregistered) while the old 25 per cent. UDT stake in Wigfall, placed in December, will have been bought by new shareholders with no great sense of loyalty.

All the same, the Wigfall directors must be shaken by the size of the vote against them, and Comet's tactics in the remaining days will be to put pressure on any waverers. Against an offer of almost 275p a share the Wigfall price was only 235p last night, and even that was 21p up on the day in response to the disclosure of the level of acceptances. If the offer fails the price will certainly drop sharply, and Comet must be hoping that family loyalties will not always override financial temptations.

In fact there is no reason why the backers of the Board should be browbeaten. All shareholders have the right to accept or reject a bid for their own reasons, so long as they are not oppressing a minority. The important point here, however, is *that the Wigfall directors have* committed themselves to achieving a major improvement in the performance of the company. If the offer fails, the Board will have a lot to live up to.

Callaghan seeks agreement on boost to economies

BY OUR OWN CORRESPONDENT

WASHINGTON, March 24.

THE MAJOR industrialised countries should co-ordinate their *economic measures between now* and the proposed Summit in July because "if we do not work together the world economic situation will deteriorate," Mr. James Callaghan said last night.

Mr. Callaghan, speaking to reporters after a two-and-a-half-hour meeting with President Jimmy Carter, said that the *major* nations were working "less co-operatively together than I can ever remember," and it was vital that this situation should end.

Also present during the talks were Mr. Cyrus Vance, the Secretary of State: Mr. Michael Blumenthal, the Treasury Secretary: Dr. Zbigniew Brzezinski, *the National Security Adviser*: and Dr. Henry Owen, who has specialised in international economic matters.

Apart from the world economy, the President and the Prime Minister are understood to have discussed European concern about the neutron bomb, Rhodesia and the U.S., talks with Mr. Begin, the Israeli *Prime Minister, about which Mr.* Carter gave Mr. Callaghan a full report.

The talks concentrated on what Mr. Callaghan described as the need for "collective action" in the face of the "related problems" affecting the industrialised world.

Mr. Callaghan's approach was warmly received by the President, who referred to Mr. Calaghan before the talks as "my dear and close friend."

The Prime Minister brought with him no specific plans to deal with the five major problems which he said were facing the world economy in a speech to the Finance Houses Association *in London last week.*

Rather, no doubt echoing Herr Helmut Schmidt, the West German Chancellor, whom he saw ten days ago, Mr. Callaghan said that each country should take whatever measures necessary according to its own lights.

But if these were co-ordinated properly and set in the context of a general commitment to *prevent any new recession*, the "sum total of actions in the next four months would be greater than the individual parts."

He was "totally satisfied" by the U.S. Administration's handling of the dollar, and noted, somewhat wryly, that he had had to contend with pressures of a similar kind, on sterling, in the *sixties.*

"The last thing we want is for the Americans to deflate their economy," but it was "vital importance for the rest of us" that the U.S. soon pass its energy programme.

Mr. Callaghan conceded that although Mr. Carter and Herr Schmidt had "great respect" *for each other*, relations between the two of them had been less than perfect.

But the recent U.S.-German agreement on a system to bolster the dollar indicated that despite some differences, "we are all working on the same wave-length."

Ban on Soviet steel imports relaxed

By David Freud

THE GOVERNMENT has withdrawn a total ban on steel imports from Russia which came into force at the beginning of the year.

A top-level Soviet trade delegation was in London for talks in the past week. The Department of Trade said there was no connection between the easing of the ban and the visit.

When the ban was announced on December 31 it was acknowledged that Soviet reprisals *against* British exports were almost certain.

At a Soviet Embassy Press conference on Thursday one member of the delegation said Russia was planning talks with U.K. car and energy companies about establishing "o-operative ventures."

The ban followed a sixfold increase in *imports from* the USSR, from 16,000 tonnes in 1976 to about 95,000 tonnes in 1977.

In earlier talks with Eastern bloc nations designed to limit their penetration of the British steel market Mr. Edmund Dell, the Trade Secretary, said he had received "satisfactory" assurances from all the countries involved except the Soviet Union. The ban was imposed after his "disappointment" at Russian unwillingness to agree to voluntary restraint.

Licensed

The ban has been only partially lifted. Imports will be licensed up to a level of 7,500 tonnes to the end of June, half the minimum annual quota which the EEC allows the U.K. to impose for a year.

The Department said that a further announcement would be made about the facilities for imports in the second half of the year. The reason the total ban had been lifted was, according to *the Department*, that the level of exports the Russians planned did not seem as great as had been thought.

The list of products affected covers virtually the whole range of iron and steel products, including blooms, billets, slabs, sheets, coils for re-rolling, plates, bars, ros, wire rod, angles, sheet oiling, steel sheet, wire, tubes and pipes and certain alloy and high carbon steel.

Unions want seats on Board of BSC

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT and the British Steel Corporation will be asked as a matter of urgency to give steel unions seven seats on a reconstituted main board of the corporation.

Mr. Bill Sirs, chairman of the TUC steel committee, said he would ask for a tripartite board to be set up within six months.

His demand is in reaction to this week's Government announcement that £1bn. of investment is to be cut over the next two financial years as part of the rescue of the corporation.

Mr. Sirs, who is general secretary of the Iron and Steel Trades Confederation, believes that if the unions can secure a third of the seats on the board, they will be able to soften the impact of the cuts, and protect themselves against the consequences of a victory by the Conservatives at the next general election.

This week's White Paper stressed the need for union co-operation and a "step-by-step approach" which has encouraged *the unions to believe they can* recover some of the threatened investment.

Mr. Sirs and others are also aware that Conservative leaders would like to see a big shake-out of labour in steel, and that many Tory MPs are calling for its de-nationalisation.

The groundwork for industrial democracy has already been done. But the reforms were not expected to take place until the early 1980s.

Mr. Sirs said that to establish the new Board quickly would need the co-operation not only of British Steel, but also of the other unions.

Commenting on the Government's statement, Mr. Sirs said the unions had agreed to negotiate early closure of plants, granted temporary reprieves in Lord Beswick's review of the industry, but not other "high cost" plants.

Including workers who have already gone, he said, the corporation was looking for 25,000 redundancies through closures, and was loading profitable plants such as Shelton at Stoke-on-Trent and Bilston, West Midlands, to make them uneconomic.

Generally, he said, the plan would cut steelmaking to a "deplorably low level." It would not even be able to meet U.K. demand.

A rally in protest against proposed steel industry redundancies in Scotland is being called by the Scottish TUC in Glasgow on April 8.

Strike hits passengers on four ferry routes

BY CHRISTOPHER DUNN AND ALAN PIKE

STRIKE ACTION caused disruption for ferry passengers on four routes from Britain at the start of the Easter holiday yesterday.

All sailings between Felixstowe and Rotterdam were cancelled because of the continuing week-long unofficial strike by Townsend Thoresen seamen, causing 8,000 passengers to seek alternative routes.

Sympathetic action in support of the Felixstowe strikers is also disrupting services on Townsend Thoresen's service between Cairn Ryan, Scotland, and Larne, Northern Ireland.

Further South, Sealink services from Dover and Folkestone were restricted because of strikes by crews of the Belgian Maritime Ferry Company *and the* French SNCF.

This meant that only British ships were operating on routes to Calais, Boulogne and Ostend and sailings were cut by about half.

The RAC advised motorists to check with ferry companies before travelling to Dover or Felixstowe.

The Channel strikes are planned to last only 48 hours but there is no end in sight to the Townsend Thoresen dispute.

Fearing congestion during *the holiday months*, the British Airports Authority announced yesterday that the sale of cut-price air tickets at Heathrow Airport would be banned from April 1.

British Airways and five other airlines operating a transatlantic stand-by service from Heathrow will now have to sell tickets from London offices or town terminals.

ICI presses ahead with European strategy

By Kevin Done, Chemicals Correspondent

IMPERIAL Chemical Industries' planned strategic move into West European markets through *a parallel investment of some* £290m. in new plant in the U.K. and West Germany has been given the go-ahead by the main Board.

The £140m. expansion of chlorine and related products at Wilton, Teesside, was sanctioned on Thursday and follows last year's decision to press ahead with the £150m. development of a new chemical complex at Wilhelmshaven, northern Germany.

The two projects are closely related and form part of the company's strategy for consolidating its manufacturing position in northern Europe around the North Sea basin.

At Wilton, ICI will expand its *chlor-alkali and vinyl chloride* monomer (VCM) capacity within the U.K., while at Wilhelmshaven, it will add VCM and polyvinyl chloride plants to expand its European markets.

Expansion

With other major sites on Teesside and Merseyside in the U.K., at Rozenburg in Holland and Fos in France, ICI is developing a significant thrust to build sales in the European Economic Community, partly by increased exports and partly by local manufacture.

The Teesside plants will boost ICI's chlorine capacity by an initial 170,000 tonnes a year *and VCM by* 150,000 tonnes a year. But both plants will be designed for subsequent major expansion, when required by market demand. The plants will use ICI technology.

At Wilhelmshaven, it is understood that ICI is initially planning a 100,000 tonnes-a-year PVC plant and a 150,000 tonnes-a-year VCM plant.

Both projects are part *of* a carefully integrated expansion plan. Chlorine and ethylene are the raw materials for the manufacture of vinyl chloride monomer, and ICI is now engaged on a £150m. scheme with BP Chemicals at Wilton to build a 500,000 tonnes-a-year plant for additional ethylene, the most important petrochemical building block.

Weather

U.K. TO-DAY

VERY WINDY, with blustery wintry showers.

London, S.E., Cent. S., Cent. N., E., S.W. England, Channel Is., E. Anglia, Midlands, S. Wales
Cloudy, with some rain; becoming brighter. Fresh to strong W. winds. Max. 8C (46F).

N. Wales, N.W. England, Lakes, I. of Man, S.W., N.W. Scotland, Glasgow, Argyll, N. Ireland
Sunny intervals, wintry showers; snow on hills. Wind W., strong or gale, especially on coasts. Max. 6-7C (43-45F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Highlands, Moray Firth, N.E. Scotland
Sunny intervals, wintry showers; snow on hills. Fresh or strong W. winds. Max. 6-7C (43-45F).

Orkney, Shetland
Cloudy, outbreaks of rain. Max. 4C (39F).

Outlook: Sunny intervals, showers.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	F	7	45	Madrid	F	12	54
Athens	F	14	57	Manchstr.	F	8	46
Bahrain	S	25	77	Melbourne	S	18	64
Barcelona	F	17	63	Milan	S	12	54
Beirut	C	15	59	Montreal	S	−8	18
Belfast	C	9	48	Moscow	F	1	34
Belgrade	F	9	48	Munich	F	4	39
Berlin	C	7	45	Newcastle	F	7	43
Brmghm.	F	9	48	New Delhi	S	26	79
Bristol	F	10	50	New York	C	8	46
Brussels	S	6	43	Oslo	Sn	−2	28
Budapest	Sl	2	36	Paris	F	6	43
B. Aires	C	22	72	Perth	S	32	90
Cairo	S	20	68	Prague	C	6	43
Cardiff	F	10	50	Reykjavik	Sn	1	34
Chicago	C	−2	28	Rio de J'o	S	30	86
Cologne	R	7	45	Rome	F	12	54
Copnhagn.	F	3	37	Singapore	S	30	86
Dublin	C	8	46	Stockholm	Sl	1	34
Edinburgh	S	9	48	Strasbrg.	F	8	46
Frankfurt	F	7	45	Sydney	R	22	72
Geneva	C	3	37	Tehran	S	18	64
Glasgow	C	9	48	Tel Aviv	F	16	61
Helsinki	S	−1	30	Tokyo	S	12	54
H. Kong	C	13	55	Toronto	S	−8	18
Jo'burg	S	28	82	Vienna	C	7	45
Lisbon	S	16	61	Warsaw	F	8	46
London	S	11	52	Zurich	F	5	41
Luxemb'g	C	2	36				

HOLIDAY RESORTS

Ajaccio	C	10	50	Las Plms.	C	20	68
Biarritz	C	12	54	Locarno	S	13	55
Blackpool	F	7	45	Majorca	F	17	63
Bordeaux	C	10	50	Malaga	S	18	64
Boulogne	R	6	43	Malta	F	17	63
Casablnca.	F	17	63	Nairobi	R	22	72
Cape Town	S	26	79	Naples	R	8	46
Corfu	R	14	57	Nice	S	15	59
Dubrovnik	C	9	48	Nicosia	S	15	59
Faro	S	17	63	Oporto	C	14	57
Funchal	C	15	59	Rhodes	S	15	59
Gibraltar	S	20	68	Salzburg	C	5	41
Guernsey	F	9	48	Tangier	S	16	61
Innsbruck	Sn	1	34	Tenerife	C	14	57
Inverness	S	9	48	Tunis	F	19	66
Isle of Man	F	8	46	Valencia	S	22	72
Istanbul	S	8	46	Venice	F	11	52
Jersey	S	9	48				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sl—Sleet. Sn—Snow.

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